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Personal Financial Analysis

Allen & Betty Abbett

Retire 63/62 - Downsize & Move to WA



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IMPORTANT: The illustrations or other information generated by this report regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results and are not guarantees of future results.

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Disclaimer

This financial planning analysis ("Analysis") contained herein is hypothetical in nature and provided for informational purposes to illustrate certain financial and estate planning ideas and concepts based on information provided and reviewed by you.

Data and Assumptions

This Analysis is based upon information provided by you. To the extent that this Analysis includes personal assets that the firm does not hold on your behalf (e.g., collectibles, real estate, intangible assets/intellectual property, checking and savings accounts, business ownership interests, insurance, personal property, etc.), the value of such assets has not been verified by your financial professional and/or broker dealer and is included for informational purposes only. You should review and confirm the completeness and accuracy of all values before relying on this Analysis. Furthermore, you should review and confirm the completeness and accuracy of all Data on a frequent basis to ensure the results provided herein remain accurate given any changes that may occur in your financial and personal situation. Small changes in assumptions can have significant impacts on the outcome of this Analysis, and inaccurate representations by you of any Data may invalidate results provided in this Analysis.

Assets listed on this Analysis may not be covered by FDIC or SIPC. Questions about coverage that may apply should be directed to the asset provider or sponsor.

Performance

Performance results presented in this Analysis are based on assumptions and may not reflect actual results due to factors beyond the scope of this Analysis. Investment returns set forth in this Analysis are based on asset class rather than individual performance of a particular investment. Projected valuations and/or rates of return may not take into account surrender charges on products you might own, deduction of commissions, fees, and other charges, which can result in a lower rate of return. Additionally, proposed asset allocation, performance results, and assumptions presented in this Analysis may be based on your answers to questions designed to determine your individual risk tolerance. You are responsible for confirming the answers you provided accurately represent your risk tolerance.

Depending on your answers, performance results in this Analysis may be more aggressive than your current allocation mix and return rates may be overstated. Your assets may lose value including a portion or all of your initial investment. Data used to provide performance projections is historical, and past performance is no guarantee of future performance.

Service Provider

This Analysis may be provided as part of a financial plan being offered by your financial professional in their role as an investment advisor representative. However, the term "plan" or "planning," when used within this Analysis does not imply that a recommendation has been made to implement one or more financial plans or make a particular investment. Please refer to the financial planning agreement you signed for further information about the parties providing services. This Analysis does not constitute a recommendation of any particular technique or investment, and may not contain general or specific recommendations for implementation. The results contained herein do not constitute an actual offer to buy, sell or recommend a particular investment or product. All investments are inherently risky. You are under no obligation to implement any recommendations that may be included within this Analysis. If you choose, you may implement this Analysis through a financial adviser. This may result in the payment of normal and customary commissions, advisory fees or other types of compensation to Service Provider. This compensation may be more or less depending on the product or service that representative recommends. To the extent that Service Provider recommends that you invest in products and services that will result in compensation being paid to Service Provider and its representatives, this presents a conflict of interest. The information contained in this Analysis is not written or intended as financial, tax or legal advice. The information provided herein may not be relied on for purposes of avoiding any federal tax penalties. You should consult your tax and/or legal advisors before implementing any transactions and/or strategies concerning your finances.

Monte Carlo

Monte Carlo Analysis is a complex statistical method that charts the probability of certain financial outcomes at certain times in the future by generating many possible economic scenarios that could affect the performance of your investments. The Monte Carlo simulation uses at most 10000 scenarios to determine the probability of outcomes resulting from the asset allocation choices and underlying assumptions regarding rates of return and volatility of certain asset classes. Some scenarios assume favorable financial market returns, consistent with some of the best periods in investing history. Some scenarios assume unfavorable financial market returns, consistent with some of the worst periods in investing history. Most scenarios will fall somewhere in between. The outcomes presented using the Monte Carlo simulation represent only a few of the many possible outcomes. Since past performance and market conditions may not be repeated in the future, your investment goals may not be fulfilled by following advice that is based on the projections.

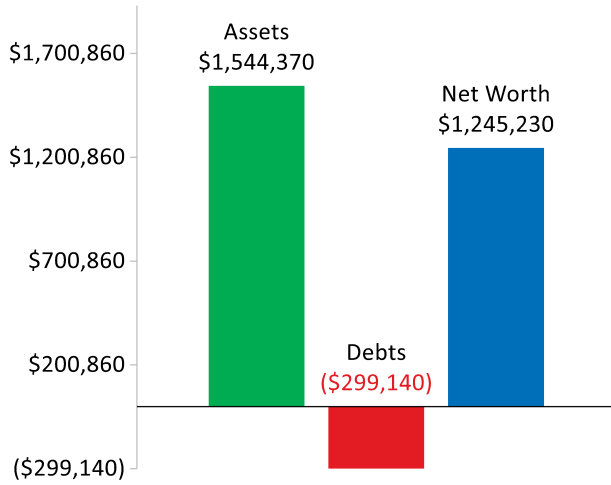
Tools such as the Monte Carlo simulation will yield different results with each use and over time depending on the variables inputted and the assumptions underlying the calculation. If this Analysis makes use of a Monte Carlo simulation, the term "Monte Carlo" will be included in the title. Simulation assumptions include the assumed rates of return and standard deviations of the portfolio model associated with each asset. The assumed rates of return are based on the historical rates of returns and standard deviations, for certain periods of time, for the benchmark indexes comprising the asset classes in the model portfolio. Since the market data used to generate these rates of return change over time your results will vary with each use over time.

IMPORTANT: The projects or other information generated by a Monte Carlo simulation regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results and are not guarantees of future results.

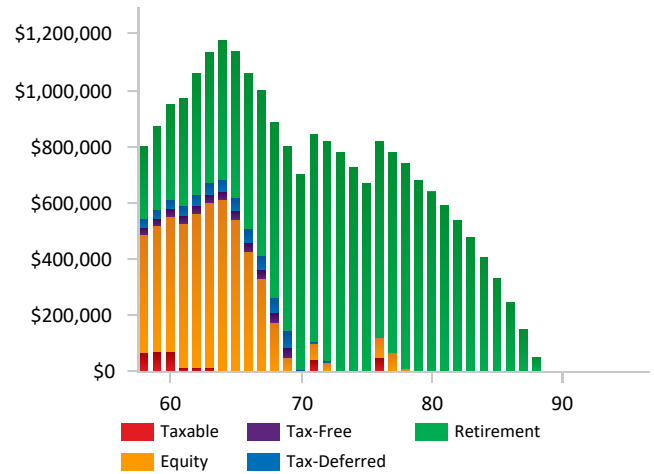


Summary for Allen & Betty Abbett

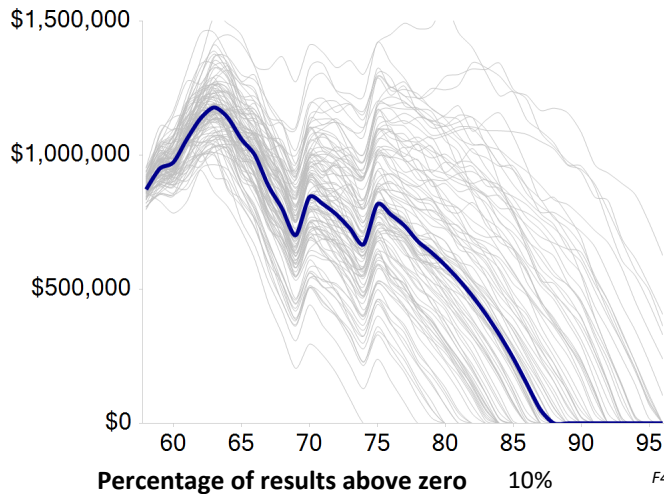
Net Worth



Account Summary



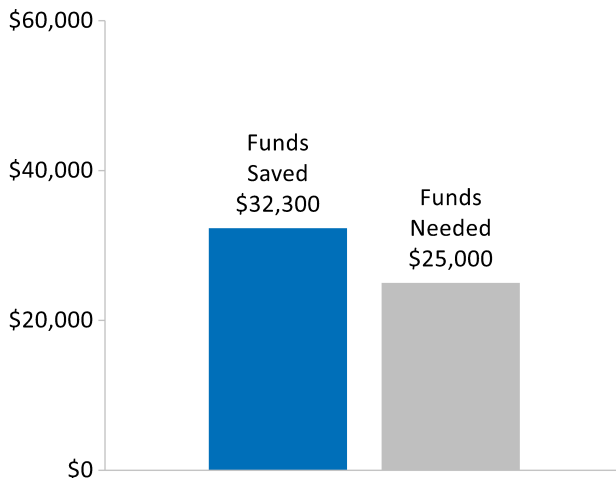
Monte Carlo



Retirement Analysis

Available for Retirement	\$800,990
Capital Projected to Last Until	Age 88
Retirement Need	
Projected Capital at Retirement	\$1,137,071
Needed at Retirement	\$1,336,654
Additional Needed by Retirement	\$199,583
Solutions	
Reduce Retirement Spending by	\$7,000 / yr
Achieve Rate of Return of	7.25%

Education



Action Items

This report is a customizable deliverable that allows advisors to produce a concise analysis for their clients on a single page.

- Include up to 6 modules on the report
- Save module sets to quickly load your favorite modules
- Enter custom messaging with the **Action Items/Custom Text** module

General

A summary of the assumptions used in this analysis, description of the purpose of the reports and a listing of assets, insurance and other details. Includes net worth statement, cash flow report, liquidity and education funding if appropriate.

Objectives

Retire 63/62 - Downsize & Move to WA

Your personal financial plan was prepared with concern for your specific goals and objectives. As you review this report, determine if your goals are obtainable or whether adjustments should be considered.

RETIREMENT OBJECTIVES:	Age	* Monthly Expenses in Today's Dollars	* Inflation Adjusted Expenses
	Your financial plan is based on the following income requirements.	63	\$14,933
	73	9,077	12,072
	84	7,664	14,102

* Includes basic personal expenses, itemized deductions, insurance, mortgage and debts, savings and investment deposits.

SURVIVOR OBJECTIVES:

In the event of your premature death, you indicated that your heirs would need the following amounts of monthly income:*

	<u>Allen</u>	<u>Betty</u>
Initial income amount needed:	\$5,799	\$5,437

*Amount of expenses will vary. Refer to Survivor report for details. Includes basic personal expenses, insurance premiums, itemized deductions and loan payments.

EDUCATION FUNDING:

Your financial analysis includes consideration of the cost of educating your children. Education costs now represent one of the most substantial expenses for a family. Unless careful planning and preparation is performed, these costs could seriously affect your ability to accumulate funds for your retirement.

<u>Name</u>	<u>Cost / Year</u>	<u>Inflated cost at 5.00%</u>
Andy	\$25,000	
Bonnie	25,000	25,000
	Total	\$25,000

OTHER:

Estimates used in the reports are based on a life expectancy age for Allen of 90. The life expectancy age for Betty is assumed to be 95.

You have indicated additional financial goals including:

	<u>Age</u>	<u>Amount</u>	<u>Inflation Rate %</u>
Sail boat	65	\$20,000	3.20

Personal Financial Summary

Retire 63/62 - Downsize & Move to WA

There are several areas of your financial affairs that can be compared to the goals you have set and to their probable achievement. The following areas will give you a brief overview of the progress you have made toward your goals or alert you to areas that may need attention.

RETIREMENT:

	Income needed and available
Annual basic living expenses needed adjusted for inflation *	\$189,180
Total amount of spendable income needed through life expectancy	\$5,493,037
Total income expected from Social Security, etc. less miscellaneous expenses	(\$2,488,734)
Additional income requirements to be satisfied by savings, investments	\$3,004,302
Estimated value of working assets at retirement age 63	\$1,137,071

Your working assets may last only until you reach age 88.

**Includes basic living expenses, debt payments, insurance premiums and itemized deductions.*

SURVIVOR (Insurance):

	<u>Allen</u>	<u>Betty</u>
Person to be insured		
Insurance needed if death occurs now.	\$629,681	\$446,739
Maximum insurance needed if death occurs in the future	985,235	648,159
Present Insurance Coverage	\$347,500	\$310,000

DISABILITY:

In the event of long term disability, funds will be required to pay for living expenses, debts and insurance premiums.

	<u>Allen</u>	<u>Betty</u>
Person disabled		
Monthly income needed	\$6,635	\$6,673
Monthly income available (long term)	8,089	7,440
Percent available - vs - needed	122%	111%

INCOME TAXES:

Your estimated gross income this year	\$167,921
Your estimated taxable income this year	128,936
Total income and social security taxes	41,757
Marginal tax rate (highest Federal & State tax rate)	31%

ESTATE COSTS:

First death estimated estate expenses and debts now	\$356,892
Second death taxes & expenses after 10 years (adjusted for estate growth)	\$651,638
Estate settlement costs as percent of future estate values (assuming second death in 10 years)	45%

Retirement Summary

Retire 63/62 - Downsize & Move to WA

The following table summarizes the goals, assumptions and variables used in the Retirement Planning analysis.

RETIREMENT GOALS:

		<u>Allen</u>	<u>Betty</u>
Retirement Age		63	62
Life Expectancy		90	95
Retirement Expenses (today's dollars)	\$179,193		
Inflation Rate	3.20%		
Retirement Tax Rate (Federal and State)	20.00%		

RETIREMENT CAPITAL:

Current Rate of Return	6.32%
Total Assets Available for Retirement	\$800,990
Annual Additions to Retirement Accounts	\$22,336
Annual Additions to Other Accounts	\$3,132

RETIREMENT INCOME (pre-tax):

		<u>Allen</u>	<u>Betty</u>
Social Security Start Age		70	70
Social Security Benefit		\$42,442	\$39,094
Social Security COLA	2.00%		
Pension Start Age			65
Pension Benefit			2,400
Pension Benefit COLA			2.00%

OTHER INCOME/EXPENSE ITEMS (after-tax):

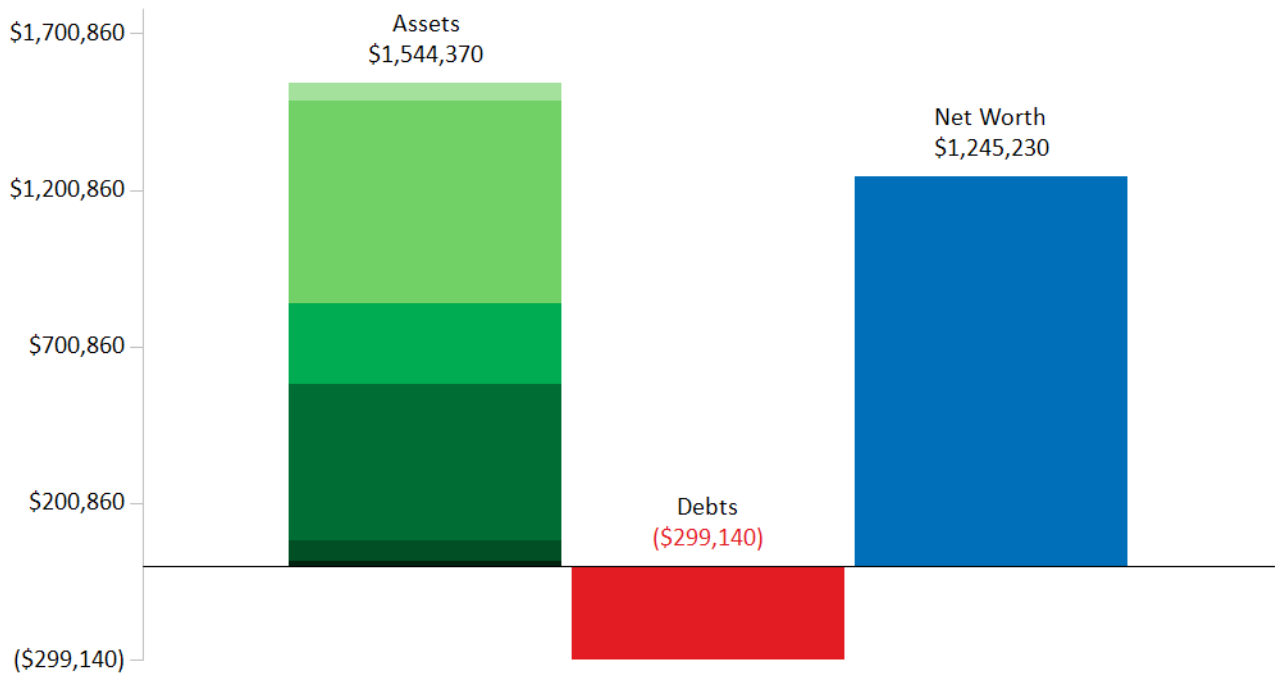
Other Income	\$200,000
Other Expense	(249,290)
Stock option proceeds	2,565
Post-Retirement Earnings	36,772
Residence Sale Proceeds	146,535
Rental Income	296,789
Balloon Payment	(92,015)
Other Goals	(24,934)

RETIREMENT ANALYSIS:

Amount Needed for Retirement	\$1,336,654		
Amount Available for Retirement	1,137,071		
Age When Your Retirement Assets are Depleted	88		
Additional Lump Sum Needed at Retirement	199,583		
Increase Rate of Return to	7.25%		
Increase Monthly Savings (at 5.00% after-tax) by	3,100		
Increase Monthly Savings (at 7.00% after-tax) by	1,620		
Increase Monthly Savings (at 9.00% after-tax) by	850		
Reduce Annual Retirement Spending by (today's \$)	7,000		
Delay Retirement Until Ages		64	63

Net Worth

Retire 63/62 - Downsize & Move to WA



Net Worth is the amount of assets remaining if all debts were paid off immediately. Typically over time an individual's net worth starts negative and grows until retirement or a little after then starts to decline as assets are spent.

Assets	\$1,544,370
Personal Assets	59,600
Real Estate	647,000
Retirement Accounts	259,000
Investment Accounts	496,167
Savings Accounts	67,303
Insurance Cash Values	15,300
Debts	(\$299,140)
Real Estate	(290,000)
Other Liabilities	(9,140)
Net Worth	\$1,245,230

Net Worth Statement

Retire 63/62 - Downsize & Move to WA

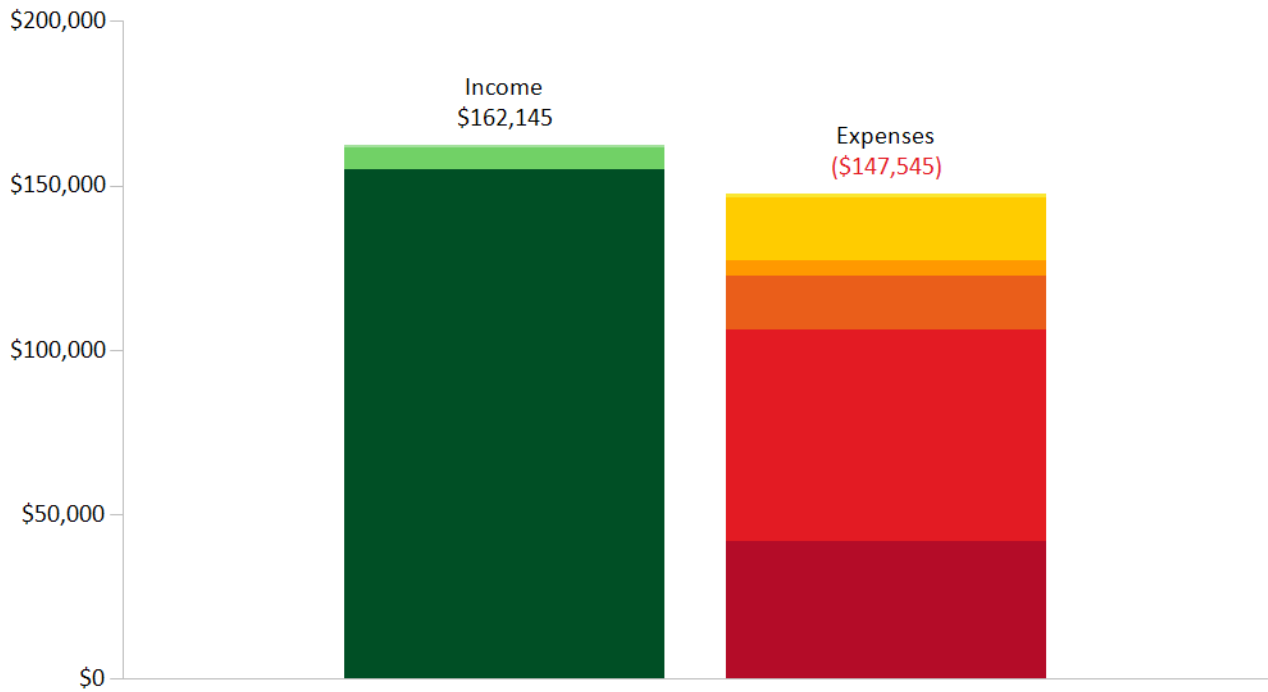
ASSETS

	<u>Allen</u>	<u>Betty</u>	<u>Joint / CP</u>	<u>Trust/Oth.</u>	<u>Total</u>
Savings Accounts:					
Checking accounts, cash			\$12,200		\$12,200
Savings accounts		3,500			3,500
Money Market accounts			31,603		31,603
Certificate of Deposit			20,000		20,000
Total		\$3,500	\$63,803		\$67,303
Investment Accounts:					
Stocks			55,224		55,224
Mutual Funds	302,805	2,745	29,063		334,613
Other ventures, businesses			24,600		24,600
Annuities (fixed, variable)	30,000				30,000
Gov't bonds, T Bills, Funds		19,500			19,500
Muni bonds, funds			25,000		25,000
Real Estate, REIT	5,750				5,750
Stock options (Bargain element)	1,480				1,480
Total	\$340,035	\$22,245	\$133,887		\$496,167
Retirement Accounts:					
401(k) accounts	133,500				133,500
403(b), SEP, Simple		97,300			97,300
Roth accounts		16,000			16,000
Inherited IRAs		12,200			12,200
Total	\$133,500	\$125,500			\$259,000
Personal Use Assets:					
Personal property	28,000				28,000
Autos	12,000		19,600		31,600
Total	\$40,000		\$19,600		\$59,600
Real Estate Assets:					
Residence	447,000				447,000
Rental real estate			200,000		200,000
Total	\$447,000		\$200,000		\$647,000
Insurance Cash Values:					
Insurance Cash Value, Dividends	12,450	2,850			15,300
Total	\$12,450	\$2,850			\$15,300
Total Assets	\$972,985	\$154,095	\$417,290		\$1,544,370
LIABILITIES					
	<u>Allen</u>	<u>Betty</u>	<u>Joint / CP</u>	<u>Trust/Other</u>	<u>Total</u>
Residence Mortgage			(\$172,000)		(\$172,000)
Credit Cards	(6,640)				(6,640)
Life insurance loans	(2,500)				(2,500)
Rental real estate			(118,000)		(118,000)
Total Liabilities	(\$9,140)		(\$290,000)		(\$299,140)
NET WORTH					
	\$963,845	\$154,095	\$127,290		\$1,245,230

Note: Assets held in a Revocable Trust are included in the grantors assets.

Cash Flow

Retire 63/62 - Downsize & Move to WA



	<u>Monthly</u>	<u>Annual</u>
Income	\$13,512	\$162,145
Account Distributions	43	517
Other Income	552	6,628
Retirement Income		
Investment Income		
Employment Income	12,917	155,000
Expenses	(\$12,295)	(\$147,545)
Loan Payments	(100)	(1,200)
Mortgage Payments	(1,600)	(19,200)
Insurance Premiums	(372)	(4,460)
Savings and Investments	(1,387)	(16,648)
Living Expenses	(5,357)	(64,280)
Taxes	(3,480)	(41,757)
Income Surplus	\$1,217	\$14,600

Cash Flow

Retire 63/62 - Downsize & Move to WA

INCOME	Monthly Amount	Annual Amount	Percent of Income
Salaries & Wages	\$12,250	\$147,000	90.66%
Self Employment Income (Sch C)	667	8,000	4.93%
Rental Real Estate	552	6,628	4.09%
Retirement Account Distributions	43	517	0.32%
Total income available	\$13,512	\$162,145	100.00%

EXPENSES	Monthly Amount	Annual Amount	Percent of Income
Total Tax on Income	\$3,480	\$41,757	25.75%
Residence Mortgage	1,600	19,200	11.84%
Credit Cards	100	1,200	0.74%
Life Insurance Premiums	244	2,925	1.80%
Homeowners & Other Insurance	57	685	0.42%
Auto Insurance	33	400	0.25%
Disability Insurance	38	450	0.28%
Saving and Investment Additions	261	3,132	1.93%
Retirement Account Additions (IRA, 401(k), TSA, etc.)	1,126	13,516	8.34%
Charitable Contributions	625	7,500	4.63%
Property Taxes	745	8,940	5.51%
Medical Expenses	208	2,500	1.54%
Miscellaneous Expense	1,000	12,000	7.40%
Food and Household Expenses	300	3,600	2.22%
Utilities and Bills	445	5,340	3.29%
Auto Operating and Maintenance	367	4,400	2.71%
Holidays	167	2,000	1.23%
Domestic Help	250	3,000	1.85%
Clothing	458	5,500	3.39%
Property Improvements/Upkeep	500	6,000	3.70%
Vacations	167	2,000	1.23%
Pet Expenses	83	1,000	0.62%
Books/Subscriptions	42	500	0.31%
Total spending and savings	\$12,296	\$147,545	91.00%
Cash flow surplus (Income less Spending)	\$1,216	\$14,600	

Future Cash Flow at Allen's Age 63

Retire 63/62 - Downsize & Move to WA

	Monthly Amount	Annual Amount	Percent of Income
INCOME			
Self Employment Income (Sch C)	\$736	\$8,833	4.36%
Rental Real Estate	736	8,831	4.36%
Other Income Items, Stock Options	15,349	184,191	90.94%
Retirement Account Distributions	58	696	0.34%
Total income available	\$16,879	\$202,551	100.00%
EXPENSES			
Total Tax on Income	\$3,805	\$45,657	22.54%
Residence Mortgage	9,268	111,215	54.91%
Credit Cards	100	1,200	0.59%
Life Insurance Premiums	212	2,550	1.26%
Homeowners & Other Insurance	67	802	0.40%
Auto Insurance	39	468	0.23%
Charitable Contributions	690	8,281	4.09%
Property Taxes	617	7,403	3.65%
Medical Expenses	798	9,572	4.73%
Miscellaneous Expense	1,171	14,047	6.93%
Food and Household Expenses	254	3,043	1.50%
Utilities and Bills	326	3,910	1.93%
Auto Operating and Maintenance	371	4,448	2.20%
Holidays	195	2,341	1.16%
Domestic Help	293	3,512	1.73%
Clothing	293	3,512	1.73%
Property Improvements/Upkeep	439	5,268	2.60%
Vacations	488	5,853	2.89%
Pet Expenses	98	1,171	0.58%
Books/Subscriptions	49	585	0.29%
Total spending and savings	\$19,573	\$234,837	115.94%
Cash flow shortage (spending in excess of income)	(\$2,694)	(\$32,286)	

Five Year Cash Flow at Allen's Age 63

Retire 63/62 - Downsize & Move to WA

	Allen's Age Betty's Age	63	64	65	66	67
		62	63	64	65	66
INCOME						
Self Employment Income		\$8,833	\$9,009	\$9,189	\$9,373	\$9,561
Rental Real Estate		8,831	9,299	9,775	10,262	10,758
Other Income Items		184,191				
Pension Income					2,400	2,448
Retirement Account Dist.		696	739	784	833	884
Social Security						
Total income available		\$202,551	\$19,047	\$19,749	\$22,868	\$23,651
EXPENDITURES						
Total Tax on Income		\$45,657	\$9,331	\$8,498	\$8,040	\$6,871
Residence Mortgage		111,215	35,918	35,918	35,918	35,918
Credit Cards		1,200	1,200	1,200	1,200	1,200
Life Insurance Premiums		2,550	2,550	2,550	2,550	2,550
Homeowners & Other Ins.		802	828	854	881	910
Auto Insurance		468	483	499	515	531
Charitable Contributions		8,281	8,446	8,615	8,787	8,963
Property Taxes		7,403	11,402	11,630	11,863	12,100
Medical Expenses		9,572	10,051	10,553	11,081	11,635
Other Expenses				37,401	12,866	59,749
Miscellaneous Expense		14,047	14,496	14,960	15,439	15,933
Food and Household Expenses		3,043	3,141	3,241	3,345	3,452
Utilities and Bills		3,910	4,035	4,164	4,297	4,435
Auto Operating and Maintenan		4,448	4,591	4,737	4,889	5,045
Holidays		2,341	2,416	2,493	2,573	2,656
Domestic Help		3,512	3,624	3,740	3,860	3,983
Clothing		3,512	3,624	3,740	3,860	3,983
Property Improvements/Upkeep		5,268	5,436	5,610	5,790	5,975
Vacations		5,853	6,040	6,233	6,433	6,639
Pet Expenses		1,171	1,208	1,247	1,287	1,328
Books/Subscriptions		585	604	623	643	664
Total spending and savings		\$234,837	\$129,424	\$168,508	\$146,116	\$194,519
Cash flow surplus		(\$32,286)	(\$110,377)	(\$148,759)	(\$123,248)	(\$170,868)

Five Year Cash Flow at Allen's Age 68

Retire 63/62 - Downsize & Move to WA

	68	69	70	71	72
Allen's Age	68	69	70	71	72
Betty's Age	67	68	69	70	71

INCOME

Self Employment Income					
Rental Real Estate	11,264	11,780	12,306	12,843	13,391
Other Income Items			200,000		
Pension Income	2,497	2,547	2,598	2,650	2,703
Retirement Account Dist.	939	998	1,060	1,126	1,197
Social Security			42,442	82,385	84,033
Total income available	\$14,700	\$15,324	\$258,406	\$99,004	\$101,323

EXPENDITURES

Total Tax on Income	\$3,651	\$9,057	\$10,501	\$17,489	\$27,002
Residence Mortgage	35,918	35,918	35,918	35,918	35,918
Credit Cards	557				
Life Insurance Premiums	2,550	2,550	2,550	2,550	2,550
Homeowners & Other Ins.	939	969	1,000	1,032	1,065
Auto Insurance	548	566	584	602	622
Charitable Contributions	9,142	9,325	9,512	9,702	9,896
Property Taxes	12,342	12,589	12,841	13,098	13,360
Medical Expenses	12,217	12,828	13,469	14,142	14,849
Other Expenses	13,702	14,141	14,593	15,060	15,542
Miscellaneous Expense	16,443	16,969	17,512	18,072	18,651
Food and Household Expenses	3,563	3,677	3,794	3,916	4,041
Utilities and Bills	4,577	4,723	4,874	5,030	5,191
Auto Operating and Maintenan	5,207	5,374	5,545	5,723	5,906
Holidays	2,740	2,828	2,919	3,012	3,108
Domestic Help	4,111	4,242	4,378	4,518	4,663
Clothing	4,111	4,242	4,378	4,518	4,663
Property Improvements/Upkeep	6,166	6,363	6,567	6,777	6,994
Vacations	6,851	7,070	7,297	7,530	7,771
Pet Expenses	1,370	1,414	1,459	1,506	1,554
Books/Subscriptions	685	707	730	753	777
Total spending and savings	\$147,390	\$155,552	\$160,421	\$170,949	\$184,124

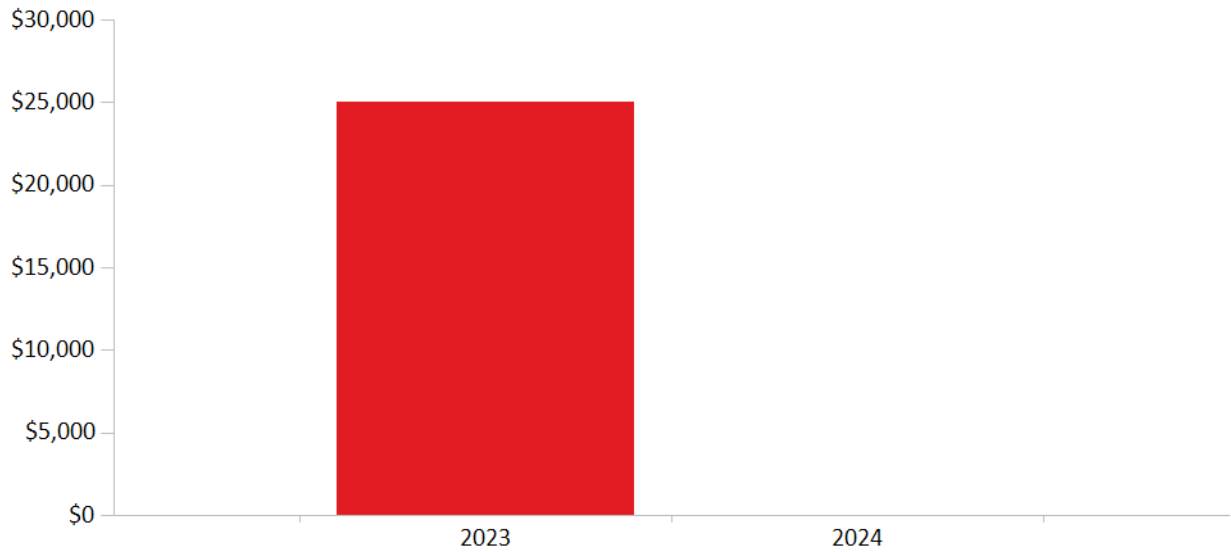
Cash flow surplus **(\$132,690)** **(\$140,228)** **\$97,985** **(\$71,945)** **(\$82,801)**

Education Funding

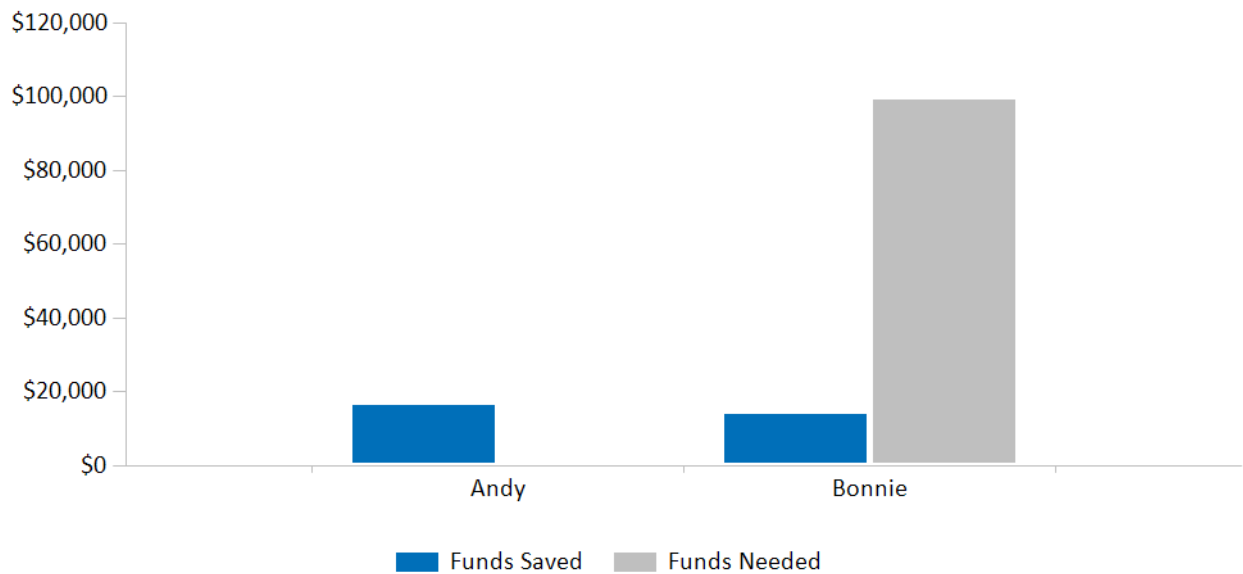
Retire 63/62 - Downsize & Move to WA

The following analyses assume that education costs increase at 5.00%. Education funds assume the use of a 529 college fund or an after tax rate of return on funds at 5.00%.

Annual Education Costs



Lump Sum Funding



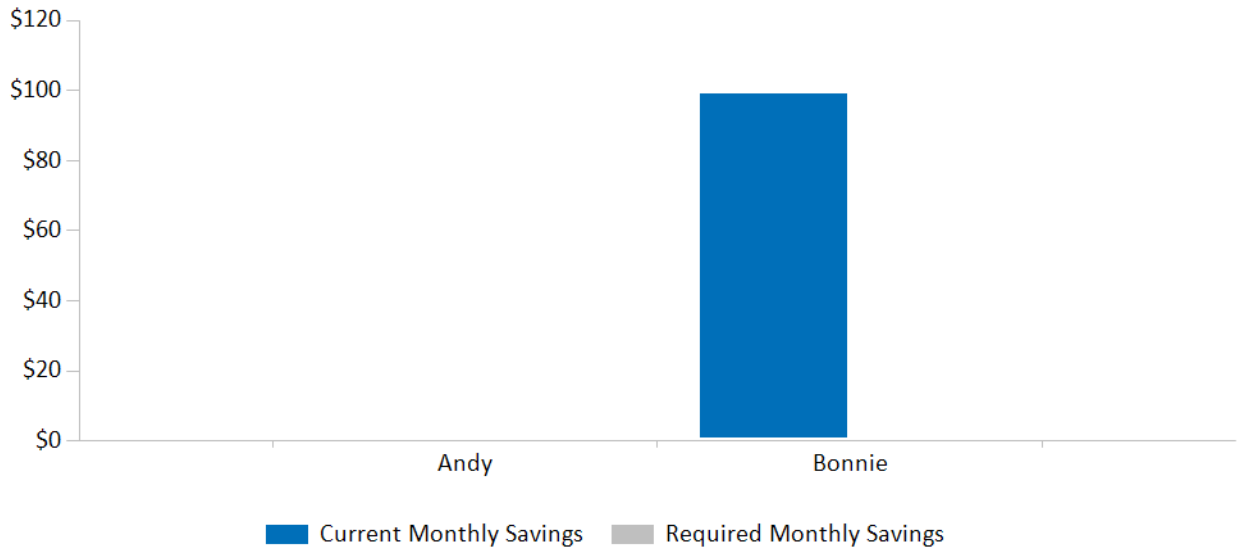
Total Funds Needed Now	\$25,000
Current Total Funds Saved	\$32,300
Additional Lump Sum Needed Now	<u> </u>

Education Funding

Retire 63/62 - Downsize & Move to WA

The following analyses assume that education costs increase at 5.00%. Education funds assume the use of a 529 college fund or an after tax rate of return on funds at 5.00% with a current balance of \$32,300.

Monthly Deposits - Separate Accounts



Total Required Monthly Savings*

Current Total Monthly Savings

\$100

Additional Required Monthly Savings

** This is the required savings starting today, with each account funded separately. Monthly deposits will decrease as each student finishes school.*

Monthly Deposits - Level Payments



Total Required Monthly Savings**

Current Total Monthly Savings

\$100

Additional Required Monthly Savings

*** This is the required savings starting today if all funds are consolidated into a single account. Monthly deposits will remain level until the last student finishes school.*

Education Costs

Retire 63/62 - Downsize & Move to WA

The following analyses assume that education costs increase at 5.00%. Education funds assume the use of a 529 college fund or an after tax rate of return on funds at 5.00%.

Student	Age	Number of Years	Starting Year	Annual Costs	Parent's Total Costs			
					Inflated at 5.00%	Funds Available	Funding Amount Required*	
							Lump Sum	Per Month
Andy	23	4	2018	\$25,000		\$17,500		
Bonnie	21	4	2020	\$25,000	\$25,000	\$14,800	\$10,200	
Totals				\$50,000	\$25,000	\$32,300	\$10,200	\$0**

Lump Sum Funding

Lump sum needed to fund future costs	\$25,000
Funds now available for college expenses	\$32,300
Additional lump sum needed now	<u><u> </u></u>

Monthly Deposits - Separate Accounts

Deposits needed now considering \$32,300 available now**	
Current deposits	\$100
Additional deposits needed now	<u><u> </u></u>

Monthly Deposits - Level Payments

Deposits needed now considering \$32,300 available now***	\$100
Current deposits	\$100
Additional deposits needed now	<u><u> </u></u>

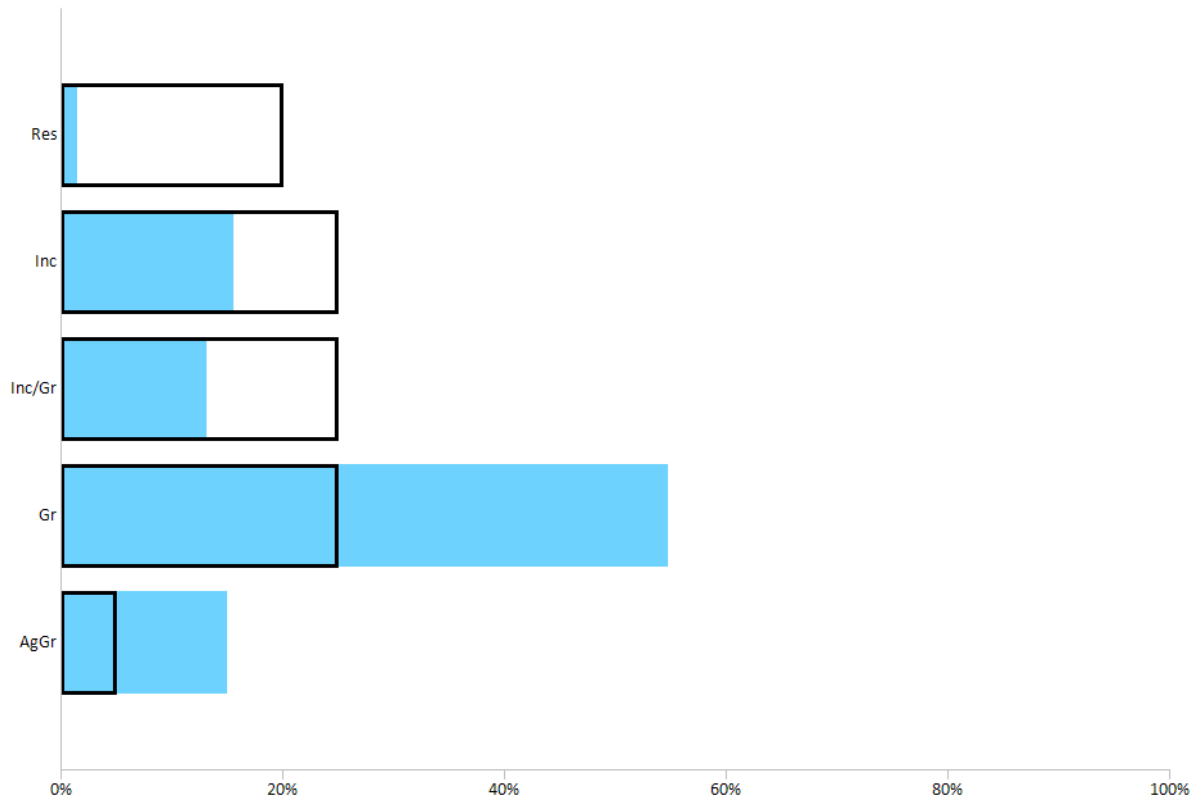
* Funding amounts required take into account current funds available

** This is the required savings starting today, with each account funded separately. Total monthly deposits will decrease as each student finishes school.

*** This is the required savings starting today if all funds are consolidated into a single account. Monthly deposits will remain level until the last student finishes school.

Asset Allocation

Retire 63/62 - Downsize & Move to WA



<u>Asset Class</u>	■ <u>Current</u>	 <u>Recommended</u>	<u>Difference</u>
Reserves	1.49%	20.00%	18.51%
Income	15.57%	25.00%	9.43%
Growth and income	13.13%	25.00%	11.87%
Growth	54.75%	25.00%	(29.75%)
Aggressive Growth	15.06%	5.00%	(10.06%)

Asset Allocation does not guarantee a profit or protect against loss in declining markets.

Allocation Worksheet

Retire 63/62 - Downsize & Move to WA

The following worksheet compares your present assets to the percentages suggested for your particular goals and risk tolerance level. If the amount in a class is too large or small, then the amount you might consider moving into or out of a category is shown in the "Amount To Move" column.

Asset Class	Present		Suggested		Amount to Move In (or out)
	Amount	Percent	Amount	Percent	
Reserves	\$12,200	1.49%	\$164,198	20.00%	\$151,998
Income	127,803	15.57%	205,248	25.00%	77,445
Growth and income	107,805	13.13%	205,248	25.00%	97,443
Growth	449,520	54.75%	205,248	25.00%	(244,273)
Aggressive Growth	123,662	15.06%	41,050	5.00%	(82,612)
Misc					
TOTAL*	\$820,990		\$820,990		

It will be important to re-evaluate your asset mix on a regular basis and determine which assets should be further increased or decreased. As you make changes to your portfolio you should carefully review your current lifestyle needs and goals.

Please recognize that the asset mix suggested above is not intended as a guarantee or assurance of future results. The suggested asset classes and their percentages do not represent an offer to sell or a solicitation of a purchase of any particular security, but are provided only as an illustration of a possible portfolio mix based on your stated goals and risk level.

Asset allocation does not guarantee a profit or protect against loss in declining markets.

** The asset category amounts shown do not include your residence, rental real estate and personal property.*

Retirement

Reviewing your retirement goals and objectives, assets available to use for retirement and an estimate of how long your funds might last based on various assumptions.

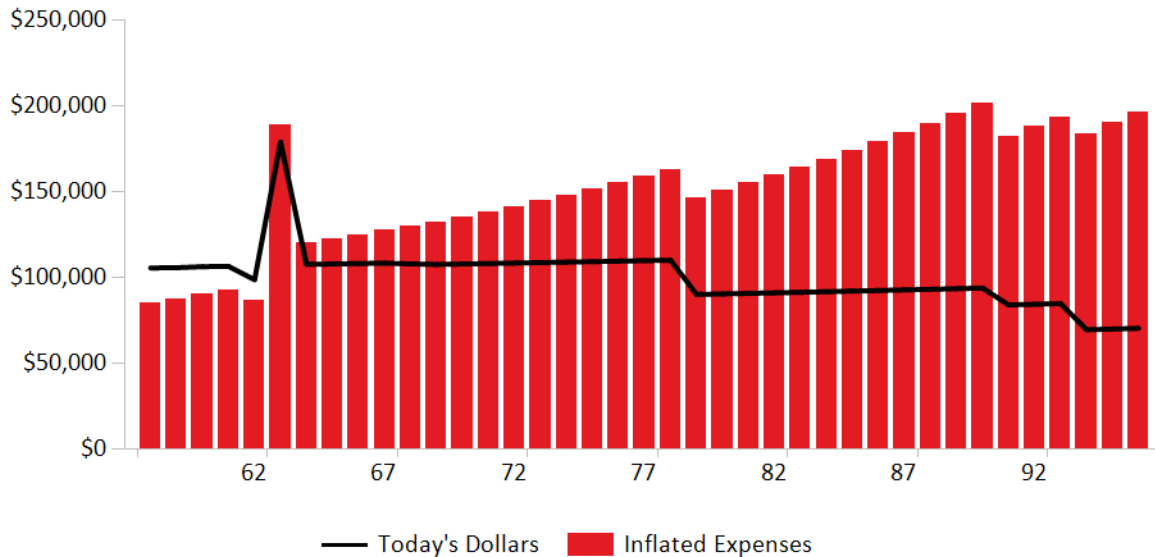
A Monte Carlo Simulation report may be included to illustrate the fact that the results of any retirement projection will vary based on market conditions and other factors that are not possible to accurately predict.

Please be aware that this retirement illustration is not guaranteed, does not represent use of any particular investment securities, asset classes or investment style. The rates of return used are hypothetical and are used for educational and illustration purposes.

Retirement

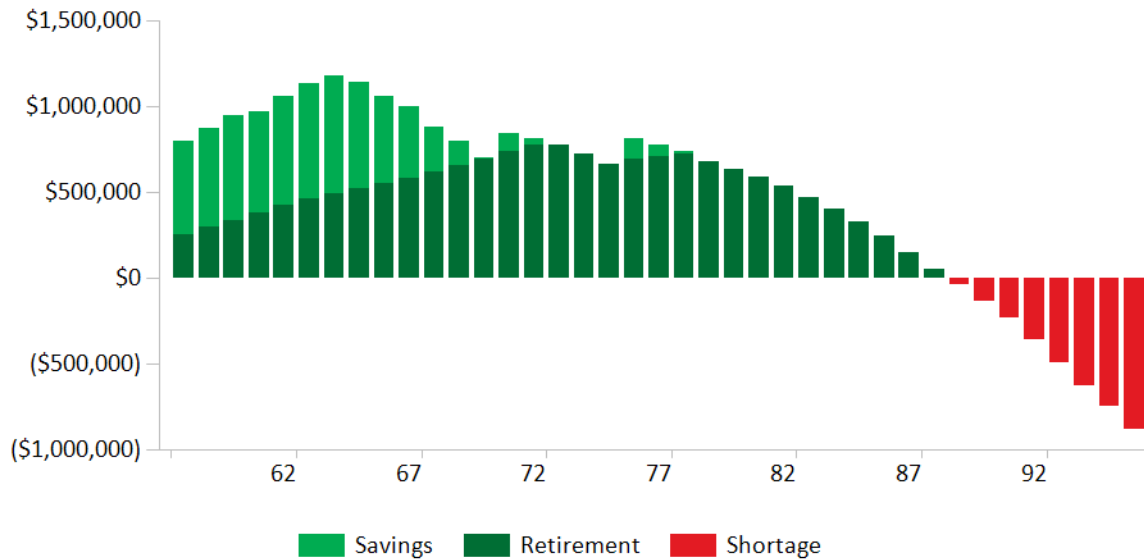
Retire 63/62 - Downsize & Move to WA

Annual Expenses



The amount of monthly income needed for retirement can increase dramatically when inflation is considered. The above graph illustrates the impact of inflation on your desired income by showing annual expenses in today's dollars as well as the same items adjusted for inflation.*

Total Capital Available



If you have not accumulated enough capital to last through your lifetime, you could then find yourself dependent on others during the years when you most desire your financial independence. The graph above illustrates the amount of your capital available each year, or the amount of cumulative income shortage when your capital runs out.

*Annual expenses include basic living expenses, mortgage and debt payments, insurance premiums, itemized deductions, savings and investment deposits.

Retirement Needs Analysis

Retire 63/62 - Downsize & Move to WA

In order to determine whether you will have adequate income and capital to fund your retirement, a number of factors must be evaluated:

- Income needed for basic living expense and number of years required.
- Income available from Social Security, pensions or other sources.
- Extraordinary income or expense items that will affect your retirement capital.
- Existing savings, investment and retirement funds and annual additions to the accounts.
- The effect of inflation on income and expenses.
- The rate of return you are able to earn on your accounts.
- The effect of income taxes on your income sources and accounts.

You are within 5 years of retirement, leaving you little time to plan for financial independence. Your goals and resources should be carefully evaluated.

The anticipated expenses and various income streams available are illustrated below. In order to help you visualize the relative value of the income streams, we have shown the total amount of payments needed or received over your retirement years through life expectancy, as well as the value of the streams of income at retirement.

Income needed:	Total Monthly Amounts in Today's \$ (a)	Inflation Rate	Inflation Adjusted Amounts (b)	Cumulative Income/Expense	In Today's Dollars at 4.50% NPV Discount
Current living expenses	\$8,816	3.20%	\$8,816		
Living expenses at age 63	14,933	3.20%	15,765	\$5,493,037 (c)	\$2,216,326
Expenses at age 74	9,099	3.20%	12,356		
Expenses at age 85	7,692	3.20%	14,515		
Sources of income:				Total Income (d)	
Social Security - Allen at age 70	2,315	2.00%	2,936	908,262	346,094
Social Security - Betty at age 70	2,090	2.00%	2,704	1,125,214	364,398
Spouse Pension 1	160	2.00%		81,369	29,794
Rental real estate income				296,789	157,911
Other income items & insurance				384,763	263,714
Miscellaneous expenses:				Misc Inc./Exp. (e)	
Education funding and other goals				(24,934)	(18,322)
Other expense items				(282,728)	(191,756)
Total income or expenses				\$2,488,734	
Income shortfall - amount needed compared to amount available					\$3,004,302
Estimated capital required at retirement					\$1,336,654 (f)

This is based on your portfolio composition at retirement.

(a) Total expense = personal expense, itemized deductions, insurance premiums, debts and mortgages, saving and investments.

(b) Inflation adjustments apply only to those items exposed to inflation (not debts, life insurance, etc.)

(c) Cumulative living expense is the total of all expense payments needed during retirement through life expectancy.

(d) The "Sources of income" represents the sum of all monthly or annual income expected from Social Security, pensions (after tax) or other anticipated post-retirement income sources. Any life insurance benefit shown is received at life expectancy.

(e) Total of all post-retirement expense items from education, goals and other income and expense report.

(f) This number is calculated by increasing/decreasing capital at retirement until there is just over \$0 at last life expectancy.

Note: Income taxes are not included as part of expenses as the taxes are paid out of the sources of taxable income.

Retirement Capital Analysis

Retire 63/62 - Downsize & Move to WA

The remaining expense anticipated as described on the Retirement Needs Analysis is **\$3,004,302**
 (This amount was carried forward from the Retirement Needs analysis page.)

At age 63 the remaining expense could require capital of approximately **\$1,336,654**
This is based on your portfolio composition at retirement. Capital needed will vary depending on the type of savings and investments used and their tax treatment.

Estimate of future asset account values	Current year annual additions	Current value used for retirement estimate	Current weighted average rate	Current average after tax rate *	Future ** Value at 63
Taxable accounts	\$71	\$66,803	2.35%	1.62%	\$12,365
Equity & other accounts	3,417	420,187	7.30%	6.99%	587,836
Tax free accounts		25,000	2.70%	2.70%	28,562
Tax deferred annuity or govt bonds.		30,000	6.50%	6.50%	41,103
Deductible retirement - Allen	13,300	133,500	6.00%	6.00%	246,358
Deductible retirement - Betty	6,240	109,500	6.44%	6.44%	184,828
Roth & HSA - Betty	2,796	16,000	4.00%	4.00%	36,020
Total Asset values		\$800,990	6.32%	6.09%	\$1,137,071

* The after-retirement rate may differ substantially from the pre-retirement rate, particularly on deductible retirement accounts.
 Tax rate on interest is 31.00% before retirement, 20.00% after. Dividend and Capital Gain taxed at 15.00% before retirement and 15.00% after.
 **Future values that are less than current values indicate that some of the assets have been consumed prior to retirement.

You might have as much as \$1,137,071 capital available at retirement. You may need additional capital of \$199,583.
Your current funds could last until your age 88 at which time your funds will be depleted.

The above results are hypothetical, based on the assumptions used, and are not guaranteed. The illustration is provided for educational purposes and does not represent any specific investment, class of investments or investment style.

In order to make up this shortage of capital required for your retirement, you could:

- Increase the before-tax "weighted average" rate of return on all your existing asset accounts to . . .** **Average rate 7.25%**
- Increase the amount of money being added to your savings and investments. You would have to make the following additional monthly deposits at a return of . . .**

5.00%	after tax =	\$3,100	(Assuming deposits
7.00%	after tax =	\$1,620	are increased by
9.00%	after tax =	\$850	3.00% per year.)

Note: The monthly additions are made into a side fund and computed to assure that asset account balances are never less than \$0.

- Delay your retirement by 1 years until ages 64 and 63.**
- Reduce your retirement spending by \$7,000 annually.**
- Use a combination of the methods shown above.**

Retirement Capital Estimate

Retire 63/62 - Downsize & Move to WA

Ages	Annual Expenses (\$5,493,037)	Income available/Other expenses				Annual Surplus (shortage)	Annual Deposits	Return on Assets	Tax Due Each Year	Total Acct Values (end of year)
		Pension & Min. Dist.	Scheduled Dist.	Social Security	Other Inc/Exp				31.00%	
		\$304,235		\$2,033,476	\$408,438		\$120,464		\$800,990	
58 57		\$357				\$357	\$25,468	\$51,429	(\$5,298)	\$872,429
59 58		379			1,110	1,489	26,083	56,096	(5,648)	949,900
60 59		402			(58,576)	(58,175)	27,450	60,339	(5,785)	973,146
61 60		426				426	28,116	65,026	(5,975)	1,060,122
62 61		452				452	13,347	70,187	(6,381)	1,137,071
63 R 62 R	(189,180)	557			162,774	(25,848)		73,970	(6,464)	1,178,060
64 63	(120,093)	591			15,259	(104,243)		73,840	(6,134)	1,140,783
65 64	(122,609)	628			(21,659)	(143,641)		69,129	(5,118)	1,060,369
66 65	(125,211)	2,586			3,366	(119,258)		63,803	(3,990)	1,000,092
67 66	(127,900)	2,666			(43,018)	(168,252)		56,983	(2,616)	885,322
68 67	(130,036)	2,749			(4,267)	(131,554)		49,594	(1,136)	801,287
69 68	(132,354)	2,836			(4,346)	(133,865)		41,653	(6,610)	701,715
70 69	(135,326)	2,926		35,227	195,565	98,391		44,890	(406)	843,530
71 70	(138,400)	3,021		68,380	(4,533)	(71,533)		47,587	(497)	818,045
72 71	(141,579)	3,120		69,747	(4,642)	(73,354)		45,511	(9,581)	779,559
73 72	(144,867)	2,205		71,142	(5,934)	(77,453)		44,115	(19,363)	726,858
74 73	(148,267)	2,250		72,565	(6,064)	(79,517)		40,930	(19,879)	668,393
75 74	(151,785)	10,255		74,016	183,403	115,889		43,318	(479)	817,170
76 75	(155,425)	23,426		75,497		(56,502)		45,736	(729)	779,419
77 76	(159,190)	24,692		77,007		(57,492)		44,662	(321)	738,387
78 77	(163,086)	26,005		78,547		(58,534)		41,420	(12,341)	679,510
79 78	(146,847)	25,045		80,118		(41,684)		38,786	(10,421)	637,988
80 79	(151,020)	24,308		81,720		(44,992)		36,170	(11,248)	590,701
81 80	(155,338)	23,233		83,354		(48,751)		33,198	(12,188)	537,149
82 81	(159,808)	21,709		85,022		(53,077)		29,021	(13,269)	475,983
83 82	(164,434)	19,859		86,722		(57,854)		25,597	(14,463)	407,800
84 83	(169,224)	17,464		88,456		(63,304)		20,952	(15,826)	331,220
85 84	(174,183)	14,505		90,226		(69,453)		15,751	(17,363)	245,521
86 85	(179,318)	10,690		92,030		(76,597)		9,949	(19,149)	149,926
87 86	(184,634)	5,941		93,871		(84,822)		2,777	(10,761)	53,330
88 87	(190,141)	2,968		95,748		(91,424)				
89 88	(195,843)	3,028		97,663		(95,152)				
90 L 89	(201,750)	3,088		99,616		(99,045)				
91 90	(182,363)	3,150		53,392		(125,821)				
92 91	(187,946)	3,213		54,460		(130,273)				
93 92	(193,733)	3,277		55,549		(134,907)				
94 93	(184,085)	3,343		56,660		(124,083)				
95 94	(190,306)	3,410		57,793		(129,103)				
96 95 L	(196,756)	3,478		58,949		(134,329)				
97 96										

Note: All incomes/expenses are represented in after-tax values with 85% of Social Security taxable. Tax rate on income and interest is 31.00% before retirement, 20.00% after. Dividend and Capital Gain taxed at 15.00% before retirement and 15.00% after.

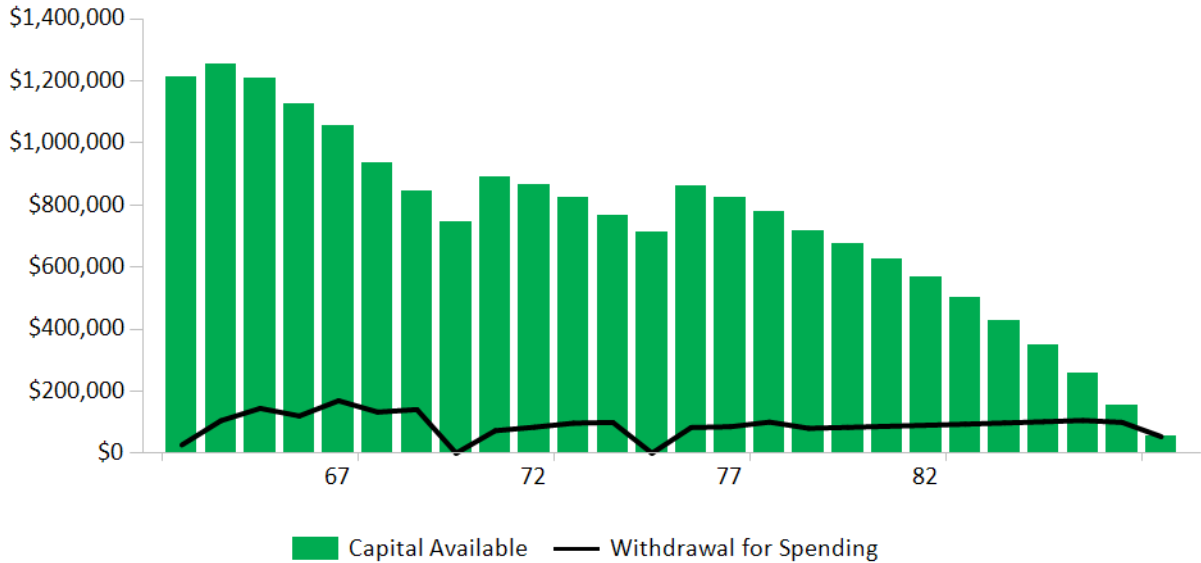
Withdrawal Rates Analysis

Retire 63/62 - Downsize & Move to WA

It is important to ensure that income is available when you need it. If some of the income requirements are to be met from the capital you have accumulated, then monitoring the rate at which you are spending capital is critical.

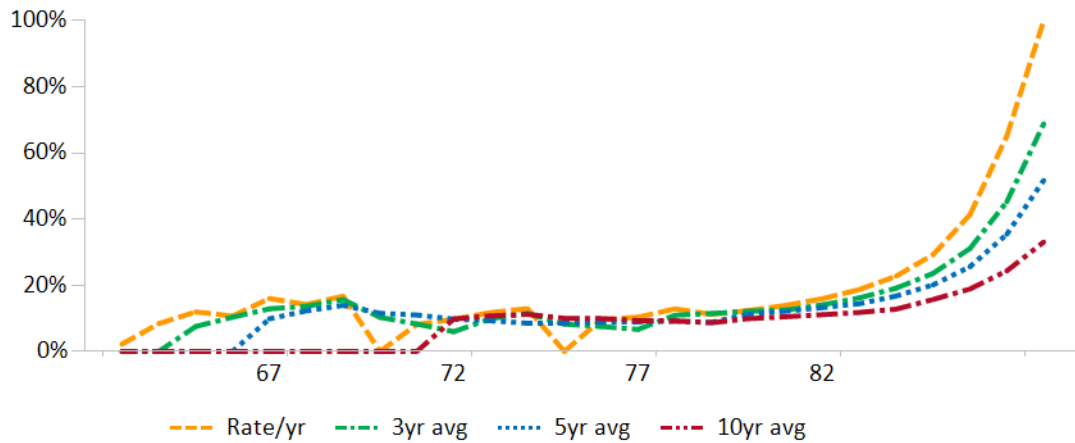
The bar graph, indicated on the left scale, measures your capital values available at each year. The line represents the dollar amounts withdrawn from your assets to meet spending requirements.

Capital Available -vs- Annual Spending Amounts



The following graph measures your spending as a percent of capital each year. It uses a "moving average" method to smooth the lines into an average withdrawal rate over one, three, five and ten year periods.

Moving Average Withdrawal Rates as Percent of Capital Available



Withdrawal Rate Averages

	High	Low*	Average
Annual range (rate for each year)	100.00%		18.69%
Three year average range	68.80%	5.96%	16.39%
Five year average range	51.68%	8.52%	15.04%
Ten year average range	33.05%	8.66%	13.34%

*Years when there is a positive cash flow and no withdrawals are required results in a 0% withdrawal rate.

Monte Carlo Retirement Simulation

Retire 63/62 - Downsize & Move to WA

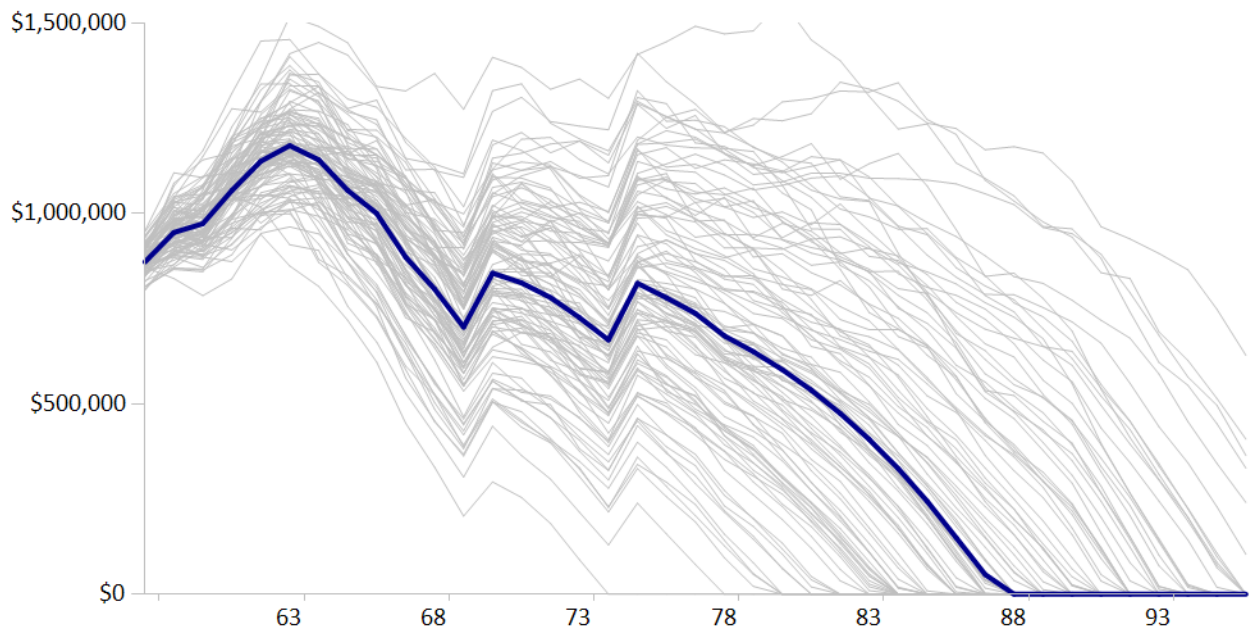
Monte Carlo Simulations illustrate possible variations in growth and/or depletion of retirement capital under unpredictable future conditions. Simulation introduces uncertainty by fluctuating annual rates of return on assets. The graph and related calculations do not presuppose or analyze any particular investment or investment strategy. This long-term hypothetical model is used to help show potential effects of market volatility and possible effects on your financial future. This is not a projection, but an illustration of uncertainty.

The simulations begin in the current year and model potential asset level changes over time. Included are all capital assets, both tax advantaged and taxable, all expenses, including education funding if applicable, pension benefits and Social Security benefits. Observing results from these large number of simulations may offer insight into the shape, trends and potential range of future retirement plan outcomes under volatile market conditions.

Results from 10,000 Monte Carlo Simulations:

Original Retirement Capital estimate	\$0	Percentage of results above zero*	10%
Minimum (worst case) result	\$0	Percentage with \$ remaining at Allen's age 92	26%
Average Monte Carlo result	\$69,349	Percentage with \$ remaining at Allen's age 87	56%
Maximum Monte Carlo result	\$6,529,331	Percentage with \$ remaining at Allen's age 82	90%

*Percent of times money is remaining at last life expectancy



The bold line is the estimated retirement capital value over time using fixed rates.

Current rate of return is 6.25% in the original estimate and varies from 2.88% to 6.61%, with portfolio changes.

This simulation used a 4.25% standard deviation to create ten thousand sets of normally distributed random rates of return based on the annual rates of return in the original estimate (95% of the rates fall between -5.62% and 15.11%).

A standard deviation rate of 2.00% was applied to the inflation rate used on personal expenses.

The original capital estimate indicated a possibility of having \$0 in assets remaining at last life expectancy. Monte Carlo simulation, using 10,000 trials of the same assets, income and expenses, resulted in a 10% probability of having funds remaining at last life expectancy, and an average amount of \$69,349 remaining.

The Monte Carlo illustration above points out the uncertainty of future retirement capital outcomes. It is important that you return regularly for a review of your goals and financial condition, in order to assure that appropriate periodic adjustments are made to your financial affairs.

IMPORTANT: The projections or other information generated in this report regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment products or results and are not guarantees of future results. Results may vary with each report and over time. Results of this simulation are neither guarantees nor projections of future results. Information is for illustrative purposes only. Do not rely on this report to predict actual performance of any investment or investment strategy.

Monte Carlo Details

Retire 63/62 - Downsize & Move to WA

Financial analysis can help you evaluate your status in relationship to your financial goals and objectives. In preparing your financial analysis various assumptions were used, including income available, annual expenses, amount of money currently invested and rates of return on retirement assets. The analysis of potential funds available for use in retirement included an assumed "fixed" or "static" rate of return on each asset type - taxable, tax-free, tax-deferred, equity and retirement accounts.

Fixed or Static rates:

Use of a fixed or static rate (where the initial rate used remains static throughout the analysis) can be helpful for visualizing potential future values to see how long your money might last, but may not reflect what happens in the real world of finance.

Variable Rates:

The Monte Carlo illustration applies a concept of variable rates of return on assets over time, in an attempt to illustrate what might happen in a situation where the returns on assets may be positive in some years and negative in other years. Since there is no way to predict either the positive or negative years or the amount of gain or loss that the assets might be exposed to, a Monte Carlo Simulation is used. This involves preparation of 10,000 separate projections of your financial future, where a rate of return is randomly selected every year in each of the 10,000 simulations.

Standard Deviation:

The term "standard deviation" refers to the extent of variability, or deviation, above or below the normal average that was used in the original illustration. This illustration uses a blended standard deviation rate based on the assumption that our portfolio will consist of various asset components. Assets like CD's, bonds and savings will be conservative and have a low variation in rate. Other assets like stocks, mutual funds, real estate, etc. will likely show a greater degree of variability in rate of return. It is also assumed that the mix of assets will change as your goals and time horizon changes.

Original Result -vs.- Monte Carlo:

The bold blue line in the Monte Carlo graph represents the amount of funds available using the fixed or static rates of return. This outcome is unlikely to be realized, because in reality the rates of return will vary each year. The Monte Carlo illustration shows additional lines representing the range of results using variable rates of return each year for each of the 10,000 Monte Carlo simulations. The Monte Carlo "tornado" chart makes it clear that there is a great range of potential outcomes that could be realized in the future.

Monte Carlo Simulation Minimum, Average and Maximum Dollar Results

Values above the Monte Carlo graph indicate the best, worst and average results at the end of 10,000 Monte Carlo simulations. These show the range of results (high and low), and the average of all Monte Carlo results. All values are based on results at the life expectancy of the last to die or the ages shown.

Minimum	This represents the lowest return of 10,000 simulations. In most cases at least some of these results will be zero (0), indicating that funds ran out prior to life expectancy.
Average	This is the average of all positive Monte Carlo simulations. The average may or may not be similar to the Original Retirement Capital Estimate.
Maximum	This result represents the highest accumulation of the 10,000 simulations.

IMPORTANT: The projections or other information generated in the reports regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results and are not guarantees of future results. Each Monte Carlo Simulation is unique; results vary with each use over time.

Standard Deviation

Retire 63/62 - Downsize & Move to WA

Standard Deviation:

Standard deviation is a measure of the extent to which the rate of return on a financial asset varies from the average return in a given period of time. It is a measure of the volatility or risk of the asset.

Portfolio Return Volatility:

In broad terms, assets with low rates of return usually demonstrate lower volatility than assets and portfolios with potentially high rates. Assets with low rates and volatility would include CD's, bonds, savings, money market accounts and other fixed rate of return assets. Those with higher volatility include stocks, mutual funds and other investment assets. While future financial returns cannot be predicted, it is possible to model potential results by applying a standard deviation to the average rate of return, based on the past or expected level of volatility, and using a Monte Carlo simulation model.

Because a typical portfolio may consist of a mixture of fixed assets with a low standard deviation as well as some equity assets with higher standard deviations, and the portfolio mix is expected to change over the years, the Monte Carlo report uses a blended, and conservative standard deviation rate. If the weighted average rate on your entire portfolio is low, then the standard deviation rate used will be low. If the portfolio rate is higher, then the standard deviation rate will be higher. In order to present a more conservative look at the Monte Carlo result, the actual rate selected may be lower than a rate on any single asset class. The rate is not intended to represent any one asset type, is hypothetical and used for illustration purposes only.

Standard Deviations

Since the typical portfolio (as described above) will generally include many different asset classes and will change over time, we have not attempted to identify any particular historical asset class on which to base the standard deviation. Unless a specific standard deviation rate has been chosen by you, the following table is used to represent a portfolio of mixed assets. The weighted average rate of the portfolio is used to choose a standard deviation rate.

Weighted Average Portfolio Rate	Standard Deviation Range
1 - 3%	3%
4 - 7%	4 - 7%
8 - 10%	8 - 12%
11 - 15%	14 - 25.5%
16%+	28% +

In this presentation no single asset class or investment portfolio is assumed to be used. Instead the entire portfolio of savings, bonds, investments, retirement accounts, real estate and other assets used for retirement accumulation are treated as a group, and the current weighted average rate of return is calculated on the portfolio. Then a hypothetical standard deviation rate is applied based on the average rate, with a low standard deviation rate used if the portfolio rate is low and a higher standard deviation rate used for higher portfolio rates. This method may result in a standard deviation rate lower than reported on some specific asset classes, but will provide a reasonable illustration of a mixed portfolio as described above.

Income Tax

Analysis of your taxable income sources, deductions and Federal and State taxes due.

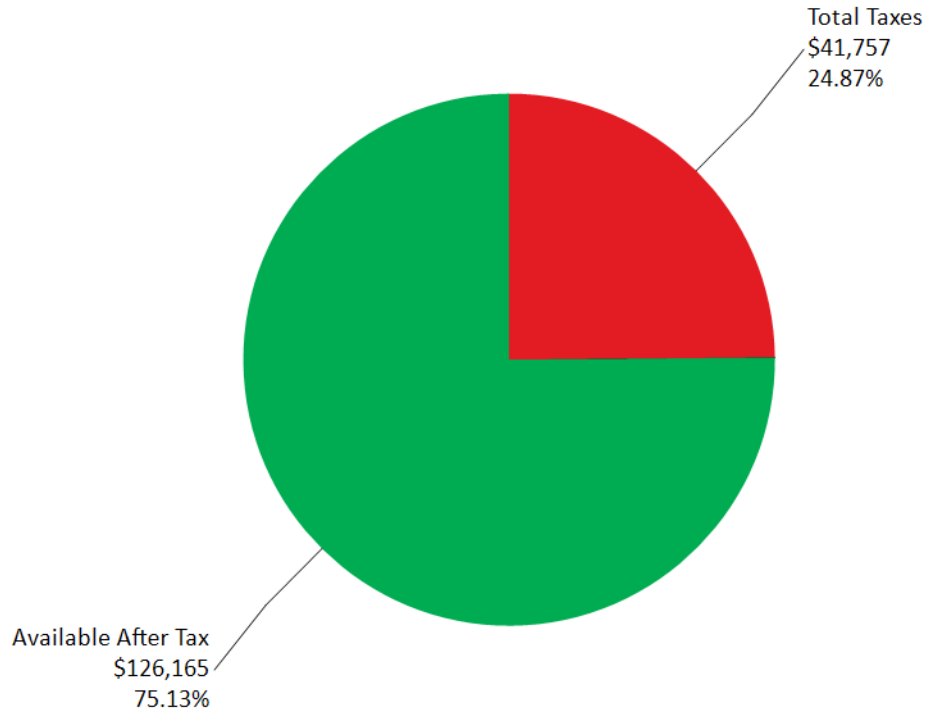
The analysis includes special dividend and capital gain rates, AMT and other items affecting your income tax and financial results.

These reports are estimates only and should not be relied on for preparation of your income tax return.

Income Tax

Retire 63/62 - Downsize & Move to WA

Income taxes can consume a substantial portion of your income. One of your objectives should be to control the amount of taxes you must pay through careful management of your income and investment portfolio. The tax calculations are based on the 2023 tax tables.



Estimated income and taxes for the current year:

Gross income	\$167,921
Adjustments	(11,285)
Adjusted Gross Income	\$156,636
Itemized or Standard deductions	(27,700)
Taxable income	\$128,936
Federal Income Tax	18,535
FICA (social security) tax	12,376
Other tax or credits	10,846
Total Tax	\$41,757

Tax Rates:

Marginal tax rate=31.00%
(Combined Federal and State tax rates)
Effective tax rate=26.66%
(Taxes divided by Adjusted Gross Income)

Income Tax - Current Year

Retire 63/62 - Downsize & Move to WA

The following calculations give an idea of the amount of taxes you might pay based on the income and asset information provided. These amounts are approximations only and the actual tax amounts may be higher or lower than illustrated.

INCOME:

	Gross	Taxable
Salaries and wages	\$147,000	\$147,000
Interest	5,370	2,745
Dividends*	3,247	3,247
Schedule C (self employment)	8,000	8,000
Schedule D (net gain/loss)	3,131	3,131
Schedule E (passive gain/loss)	3,281	3,281
Pension income & retirement distributions	517	517
GROSS INCOME		\$167,921

Adjustments:

Retirement plan deposits - Allen		(\$7,600)
Retirement plan deposits - Betty		(3,120)
Self Employment FICA	1,130	(565)
ADJUSTED GROSS INCOME		\$156,636

Itemized Deductions:

	Gross	Allowed
Mortgage interest	\$7,280	\$7,280
Charitable Contributions	7,500	7,500
Medical expenses	2,500	
State, Property, and Other Tax	19,786	10,000
Itemized deductions		\$24,780
or Standard deductions		\$27,700
		(\$27,700)
TAXABLE INCOME		\$128,936

TAX SUMMARY:

Federal Income Tax	\$18,535
FICA (Social Security) & HI Tax	12,376
State Income Tax	10,846
TOTAL TAXES	\$41,757

Your combined federal & state marginal tax bracket is 31.00%

Your total taxes equal 26.66% of your Adjusted Gross Income, and 32.39% of your Taxable income.

*Dividend and Capital Gains taxed marginally at 15.00%.

Estate

This section evaluates your financial estate with an illustration of potential estate taxes and settlement costs. It highlights the potential savings that might be realized through use of certain trust and estate planning tools.

You may want to consult with an estate planning attorney for a more detailed analysis of the options available and for additional evaluation of other techniques that might be of benefit.

Your Current Estate Details

Retire 63/62 - Downsize & Move to WA

The illustrations in this report are based on information that you provided. As you review the Estate Planning reports, please be aware that the numbers provided are only estimates and are not to be relied on for actual estate tax reporting. You should always rely on your legal and financial professionals for final information about your estate and other tax planning issues.

Basic Data	Allen	Betty
Current Ages	58	57
Age at death for the estate options illustration	65	63
Estimated final expenses (increasing at 3.20% per year.)	\$15,000	\$15,000

Administrative and probate expense estimate as a percent of estate assets	First death 3.00%
	Second death 4.00%

Existing Estate Planning	Allen	Betty
Will	Yes	Yes
Revocable Living Trust	Yes	Yes
Joint Revocable Trust		No
Marital Trust Provisions	Yes	Yes
Credit Shelter Trust Provisions	No	No
QTIP Trust Provisions	No	No
Testamentary Trust Provisions	No	No
Generation Skipping Trust Provisions	No	No
Irrevocable Life Insurance Trust	No	No
Durable General Power of Attorney	No	No
Durable Health Care Power of Attorney	Yes	Yes
Living Will	Yes	Yes

Estate Assets Summary:	Allen	Betty	Joint/Other
Ordinary Income/Interest bearing accounts	\$30,000	\$23,000	\$88,803
Equity, Investment accounts	340,035	22,245	133,887
Retirement accounts	133,500	125,500	
Residence and Personal Property	487,000		19,600
Real Estate Investments			200,000
Debts and mortgages	(9,140)		(290,000)
Totals	\$981,395	\$170,745	\$152,290
Net Worth	<u>\$1,304,430</u>		
Life Insurance	<u>\$97,500</u>	<u>\$60,000</u>	

Plan for estate needs:

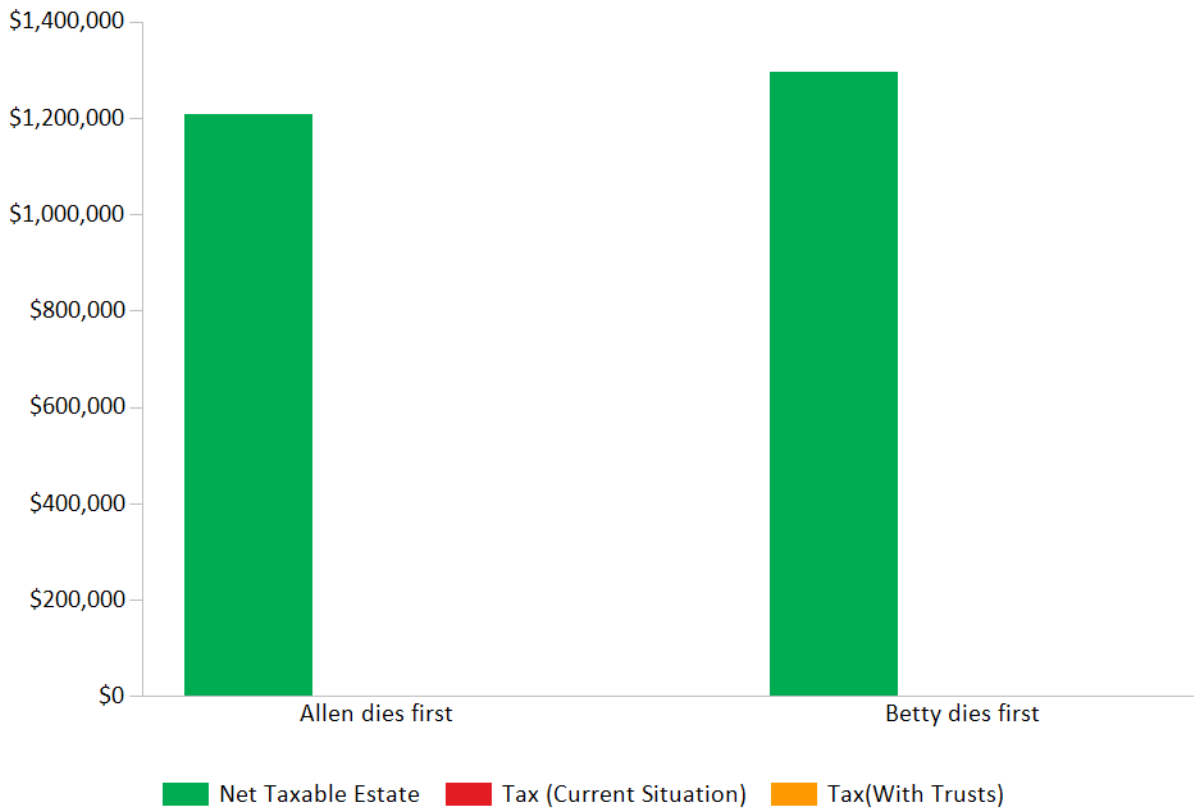
A careful review of the information shown above will help you to determine which legal estate planning tools should be considered in order to be fully protected. As you consider the various estate planning tools listed, please recognize that competent legal advice is necessary to assure that the documents are properly prepared.

The illustrations in this report are based on information that you provided. As you review the Estate Planning reports, please be aware that the numbers provided are only estimates and are not to be relied on for actual estate tax reporting. You should always rely on your legal and financial professionals for final information about your estate and other tax planning issues.

Proper planning and preparation before a need arises can avoid unnecessary delay, confusion, potential legal costs and family disruption.

Estate Taxes

Retire 63/62 - Downsize & Move to WA

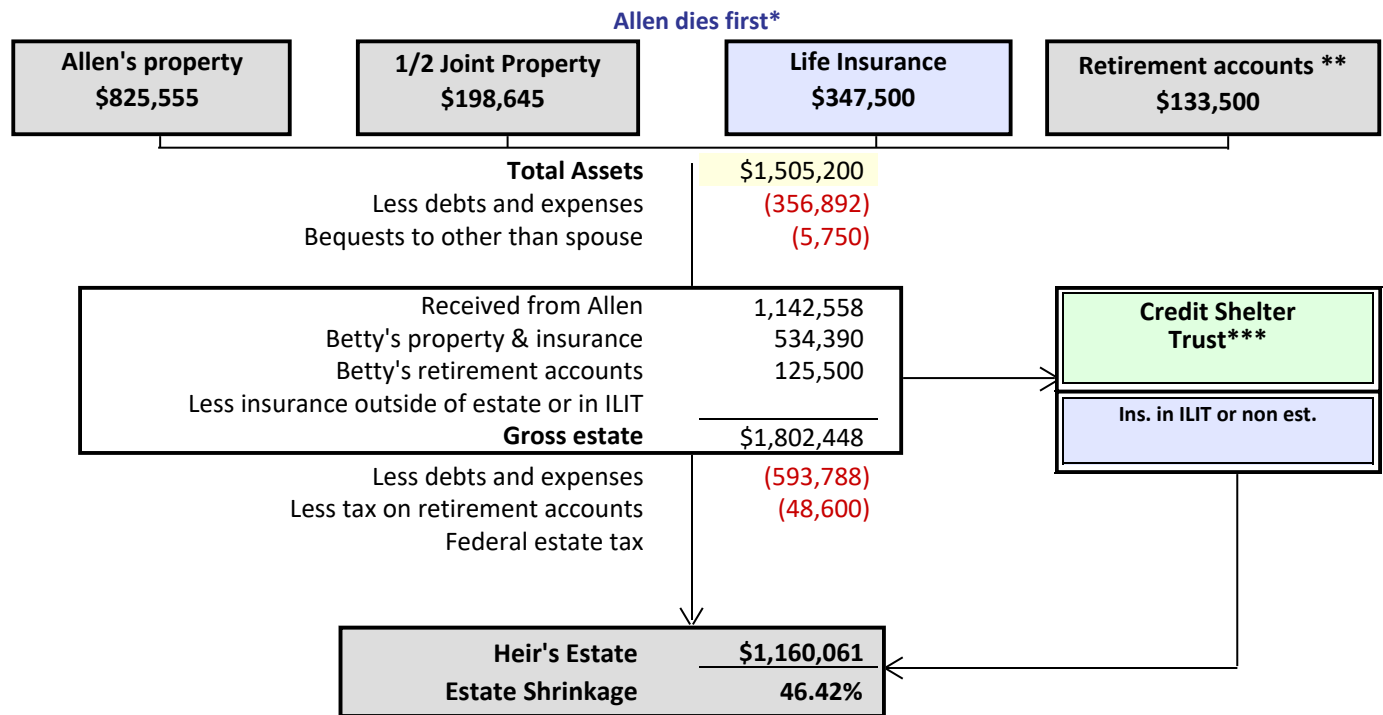


	<u>Allen dies first</u>		<u>Betty dies first</u>		
All assets including life insurance		\$2,165,090		\$2,165,090	
Debts and expenses		(950,679)		(869,377)	
Less bequests to other than spouse		(5,750)			
Net estate		<u>\$1,208,661</u>		<u>\$1,295,713</u>	
		Current Situation	With Trusts	Current Situation	With Trusts
Estate tax					
To heirs		<u>1,160,061</u>	<u>1,416,560</u>	<u>1,247,113</u>	<u>1,391,013</u>
Gain using trust		\$256,499		\$143,900	

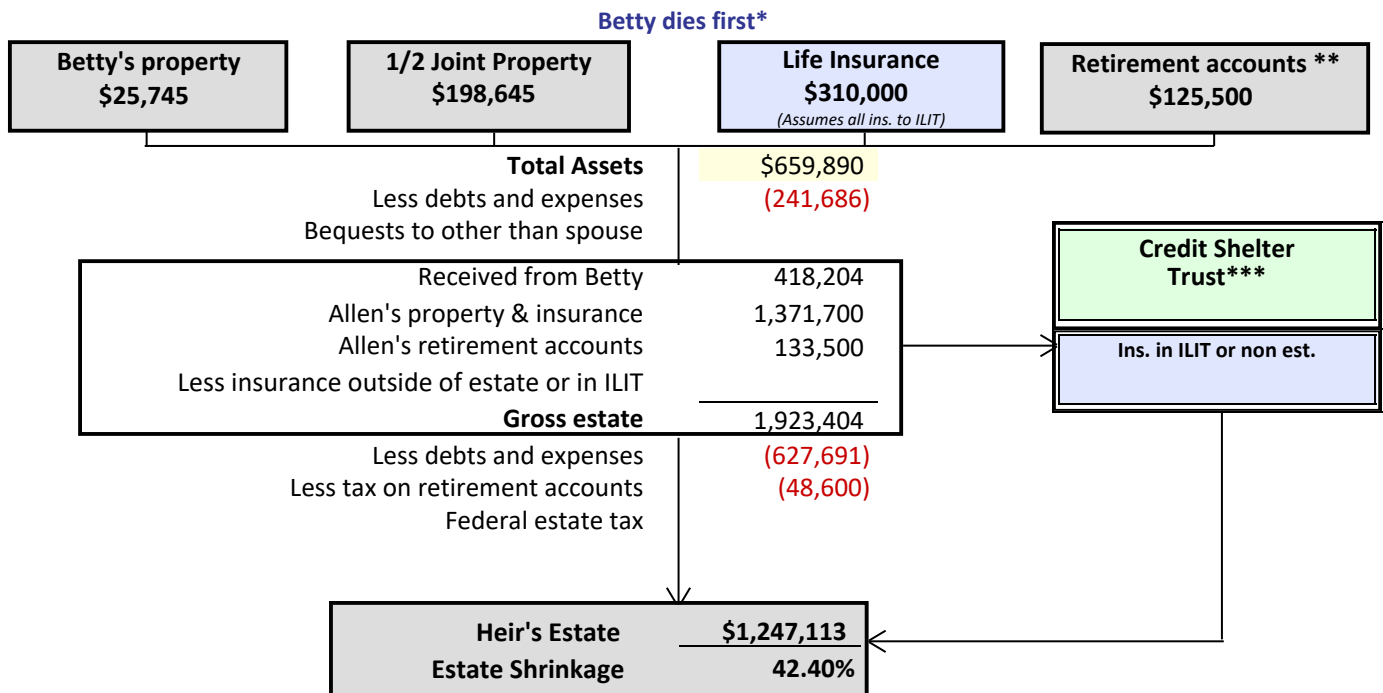
Estate Taxes - Current Situation

Retire 63/62 - Downsize & Move to WA

When assets are passed to heirs by simple wills (or by State statutes when no wills exist), the estate will probably be subject to the maximum amount of Federal Estate taxes. The illustration assumes only life insurance currently owned in an Irrevocable Life Insurance Trust is exempt from estate tax.



While estate taxes may not be a serious problem for smaller estates, time, combined with the growth of successful investments or inflation can result in a substantial estate tax liability.



You may want to consider various types of trust or estate planning techniques to help assure that all aspects of your estate disposition are handled according to your wishes and with the minimum estate taxation. This report is an estimate and does not constitute legal advice. Obtain legal counsel before taking action affecting your estate planning.

*The above results are based on both deaths occurring in the current year. Results will vary in future years.

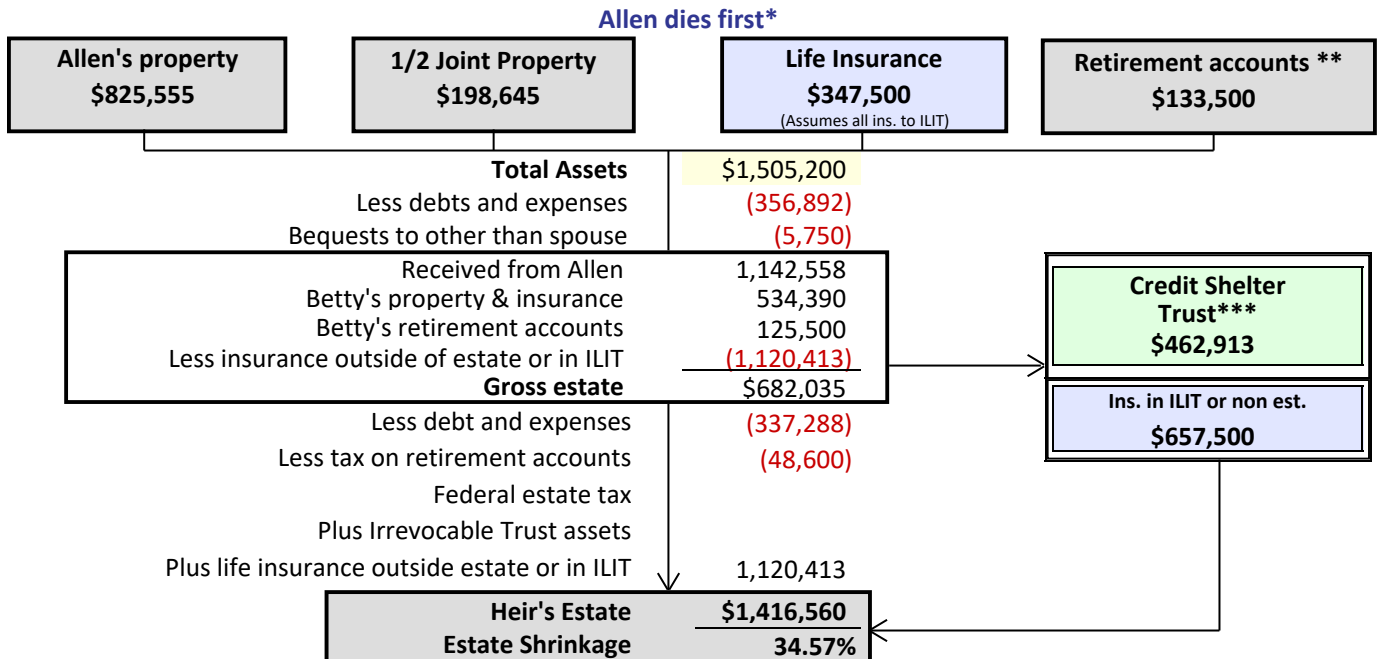
** Retirement accounts will be subject to additional income taxes.

*** The Credit Shelter Trust is funded with the smaller of the current year Unified Tax Credit Equivalent or separate property

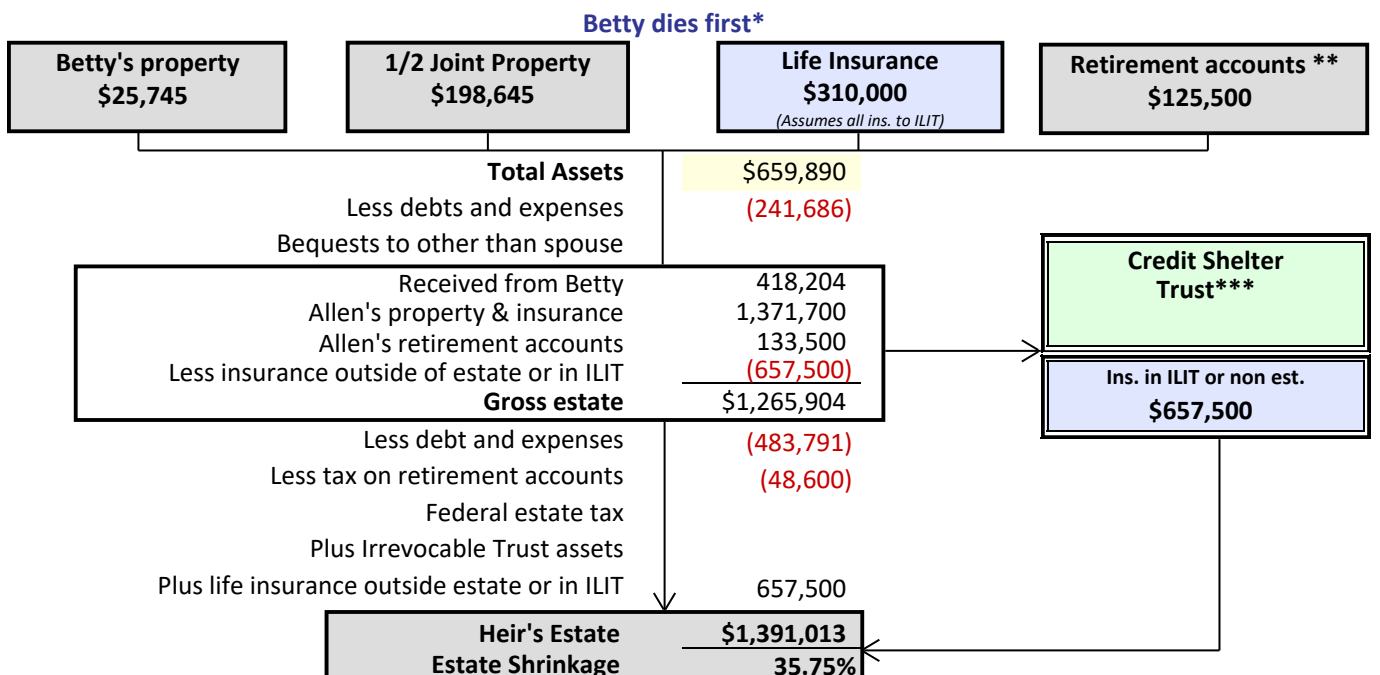
Estate Taxes - With Trusts

Retire 63/62 - Downsize & Move to WA

You might consider using a Credit Shelter Trust to minimize the cost of passing your assets to your heirs. This is accomplished by arranging to have a portion of your assets placed into trust upon the first death. The income from the trust may be made available to the surviving spouse, allowing the remaining trust assets to pass to the heirs without ever being included in the second spouse's estate. This illustration assumes all life insurance is held in an Irrevocable Life Insurance Trust (ILIT) and protected from estate taxes.



In order to take advantage of a Credit Shelter Trust, your assets must be owned in a manner that will enable the assets to flow into the trust, such as separately owned or community property assets. Jointly held assets may be placed in the trust only if the surviving spouse makes a special election. An Irrevocable Life Insurance Trust would need be in force with all policies properly owned within the trust.



If you decide to use these techniques, you should coordinate the process with all appropriate legal and financial advisors to evaluate the benefits of the trusts. Implementation would require preparation of will and trust documents and possible re-titling of some assets and insurance policies in order to maximize the effect of the trust planning.

*Retirement accounts will be subject to additional income tax.

**The above results are based on both deaths occurring in the current year. Results will vary in future years.

*** The Credit Shelter Trust is funded with the smaller of the current year Unified Tax Credit Equivalent or separate property.

Future Estate Costs Graph

Retire 63/62 - Downsize & Move to WA

Death in same year - Allen dies first.

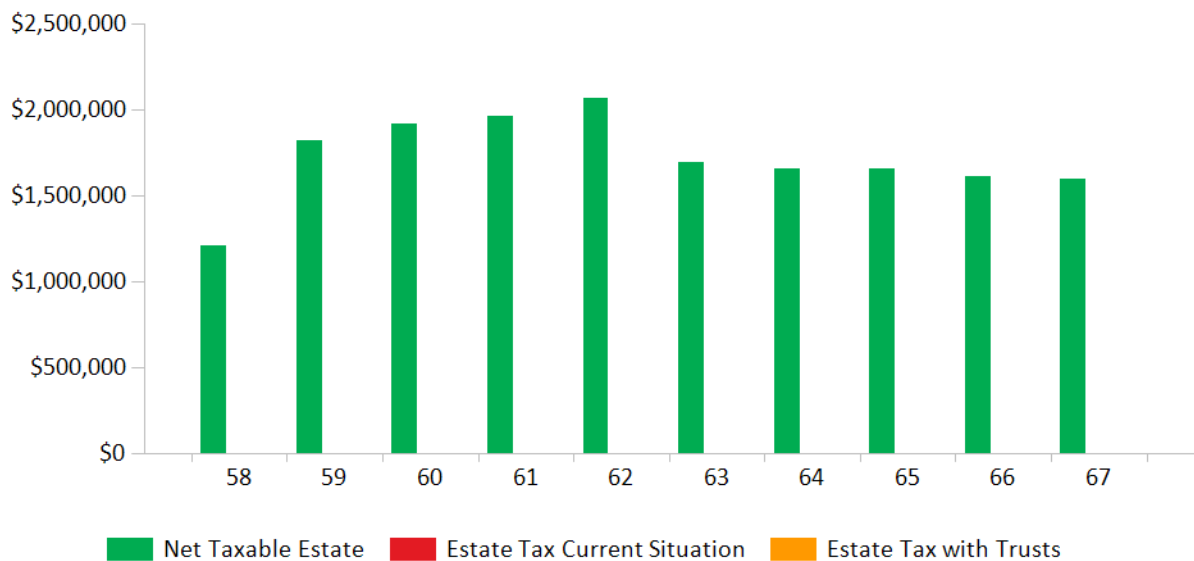
Tax Cuts and Jobs Act

The Tax Cuts and Jobs Act, which went into effect at the end of 2017, includes a provision that temporarily doubles the estate exclusion amount. The new exclusion allows up to \$12,920,000 to be transferred before being taxed at 40% estate rate. The provision is set to expire in 2026, at which point the exclusion will return to \$6,460,000.

An Estimate of Your Estate Tax Exposure Using Suggested Planning

We have taken information provided about your current estate net worth to estimate your estate tax exposure under the new law over the next several years. We make some general assumptions regarding the growth of assets. Also, as previously suggested in this analysis, we assume that each individual has funded a credit shelter trust utilizing the applicable exclusion amounts available to them (currently \$12,920,000 per person in 2023). We also assume that any life insurance benefits are kept out of the taxable estate. The graph below shows your estimated estate tax exposure (red) and your estate remainder after taxes (green) at each year end.

Future Estate Taxes - Allen Dies First



Age	Retirement Capital*	Debts & Expenses	Net Taxable Estate	Exclusion Amount	Estimated Estate Tax
58	\$2,165,090	(\$950,679)	\$1,208,661	\$26,666,880	
59	2,247,529	(426,292)	1,821,237	27,520,220	
60	2,336,385	(418,203)	1,918,181	28,400,867	
61	2,371,397	(406,824)	1,964,573	14,654,847	
62	2,470,516	(397,962)	2,072,554	15,123,803	
63	2,059,987	(360,419)	1,699,568	15,607,764	
64	2,370,636	(711,178)	1,659,458	16,107,213	
65	2,351,765	(693,647)	1,658,118	16,622,644	
66	2,290,233	(672,450)	1,617,783	17,154,568	
67	2,249,316	(651,638)	1,597,679	17,703,514	

*Assets & Insurance = residence, personal prop., savings, investments, retirement accounts and life insurance. Net of bequests.

Future Estate Costs Graph

Retire 63/62 - Downsize & Move to WA

Death in same year - Betty dies first.

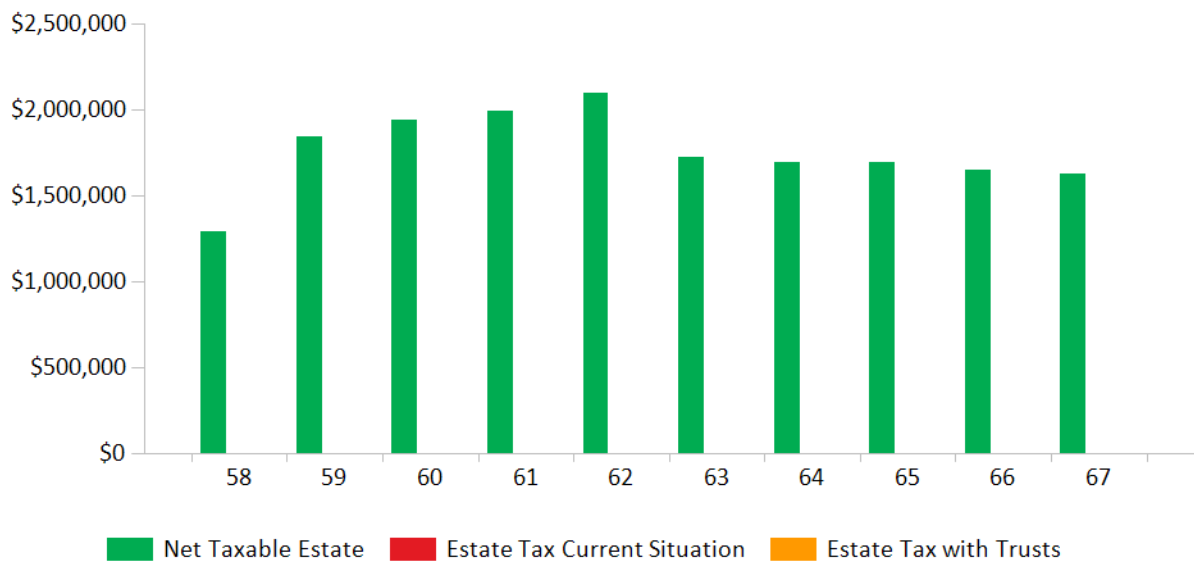
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An Estimate of Your Estate Tax Exposure Using Suggested Planning

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Future Estate Taxes - Betty Dies First



Age	Retirement Capital*	Debts & Expenses	Net Taxable Estate	Exclusion Amount	Estimated Estate Tax
58	\$2,165,090	(\$869,377)	\$1,295,713	\$26,666,880	
59	2,247,529	(400,898)	1,846,631	27,520,220	
60	2,336,385	(391,681)	1,944,704	28,400,867	
61	2,371,397	(378,527)	1,992,870	14,654,847	
62	2,470,516	(368,386)	2,102,130	15,123,803	
63	2,059,987	(329,949)	1,730,037	15,607,764	
64	2,370,636	(675,015)	1,695,621	16,107,213	
65	2,351,765	(657,707)	1,694,058	16,622,644	
66	2,290,233	(637,783)	1,652,450	17,154,568	
67	2,249,316	(617,718)	1,631,598	17,703,514	

*Assets & Insurance = residence, personal prop., savings, investments, retirement accounts and life insurance. Net of bequests.

Insurance

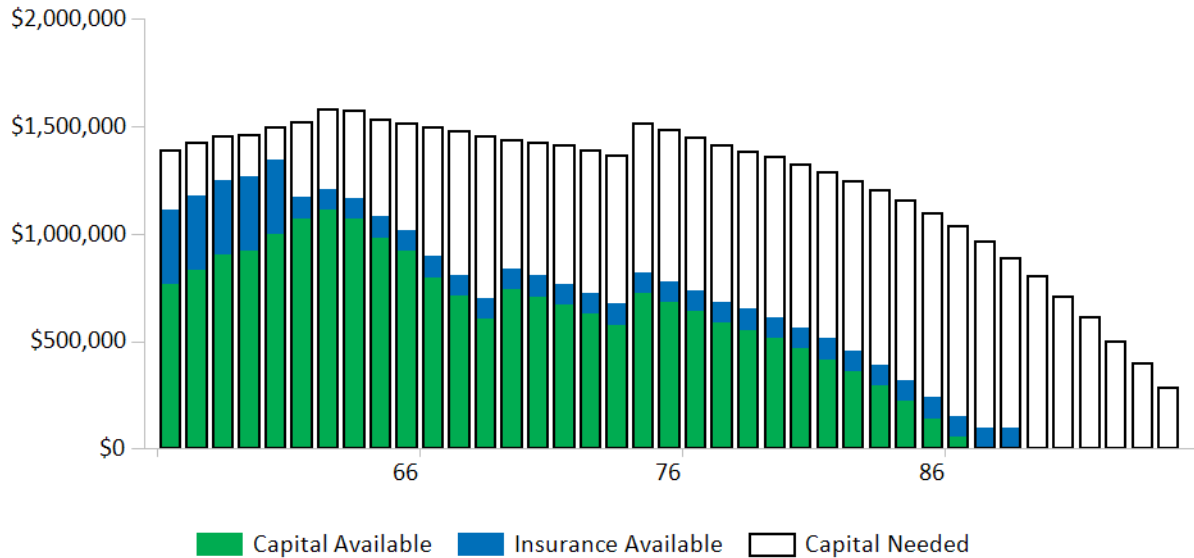
An important consideration for your financial security is your need for funds in the event of premature death, or estate liquidity. This section provides details regarding the need for insurance protection for a death occurring now or in the future.

Also included in this section is a discussion of disability income replacement, property and casualty and long term care needs insurance.

Life Insurance

Retire 63/62 - Downsize & Move to WA

Insurance Need for Allen - Betty Survives



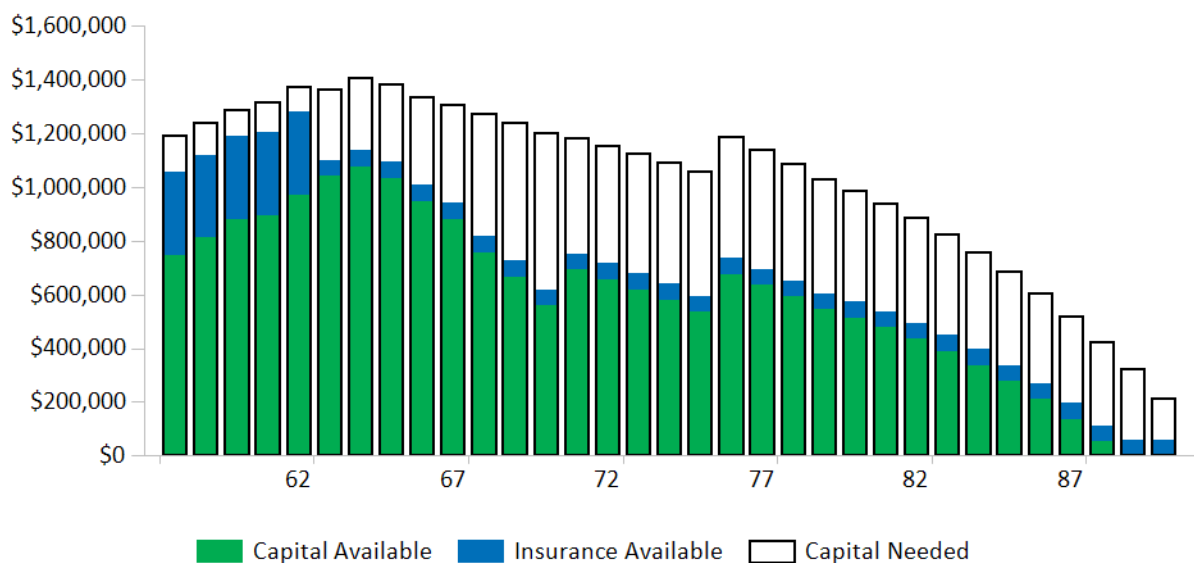
The shaded areas of the graph show the amount of capital available and insurance available at a given age.

The outlined area represents the amount of funds needed to fund immediate cash needs and expenses for the survivor.

If the outlined area extends above the shaded areas, that difference indicates an amount of additional capital needed in the form of assets or insurance.

When the outlined area extends above the shaded areas, that indicates the additional capital or insurance need if death occurs at that age (ages are based off the survivor's age).

Insurance Need for Betty - Allen Survives

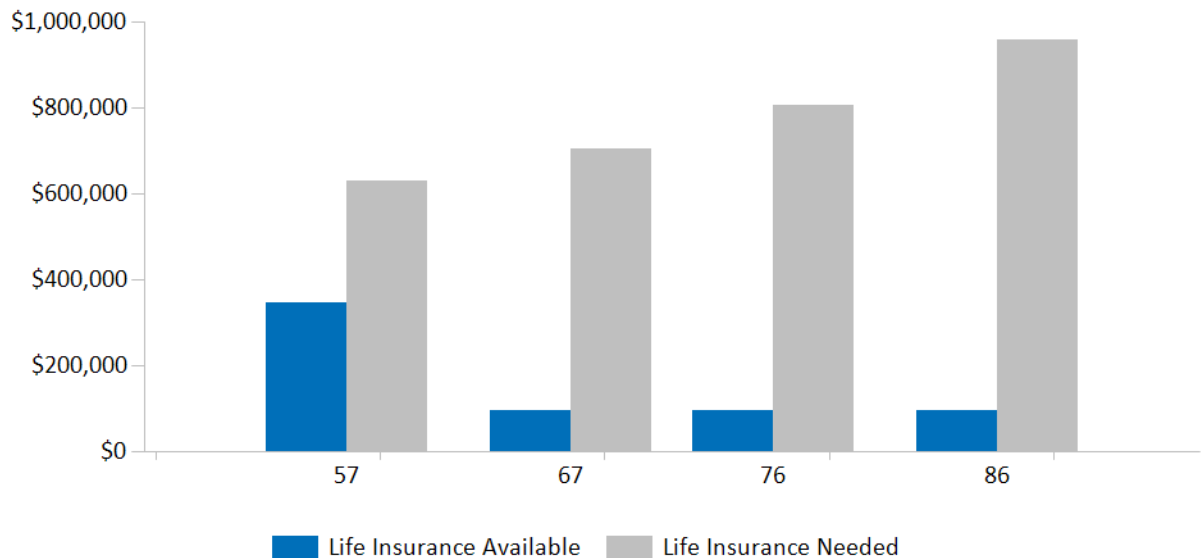


Survivor Needs for Betty

Retire 63/62 - Downsize & Move to WA

This analysis is used to show the amount of life insurance needed if Allen's death occurs at Betty's age shown and benefits can be invested at 4.50% after-tax. The first age is current age, the last age is 9 years prior to life expectancy. Other ages seen are midpoint ages.

Life Insurance Needs on Allen



Betty's age when Allen dies.

	57	67	76	86
Present Value of Total Expenses*	(\$1,860,734)	(\$2,080,485)	(\$2,019,970)	(\$1,408,359)
Present Value of Total Income*	\$703,245	\$658,918	\$628,763	\$429,402
Income Surplus or (Shortage)	(\$1,157,490)	(\$1,421,566)	(\$1,391,207)	(\$978,957)
Immediate cash needs	(\$236,732)	(\$81,126)	(\$98,265)	(\$122,081)
Total capital needed at Allen's death	(\$1,394,221)	(\$1,502,693)	(\$1,489,472)	(\$1,101,038)
Assets available**	\$764,540	\$798,630	\$681,630	\$141,287
Total life insurance needed	\$629,681	\$704,062	\$807,842	\$959,751
Allen's existing life insurance at age shown	347,500	97,500	97,500	97,500
Additional insurance needed on Allen	\$282,181	\$606,562	\$710,342	\$862,251

Tax Notes: Taxable incomes (earned income, pensions, taxable Social Security, taxable other incomes, etc.) are taxed at 15.00%. Social Security is assumed 85.00% taxable.

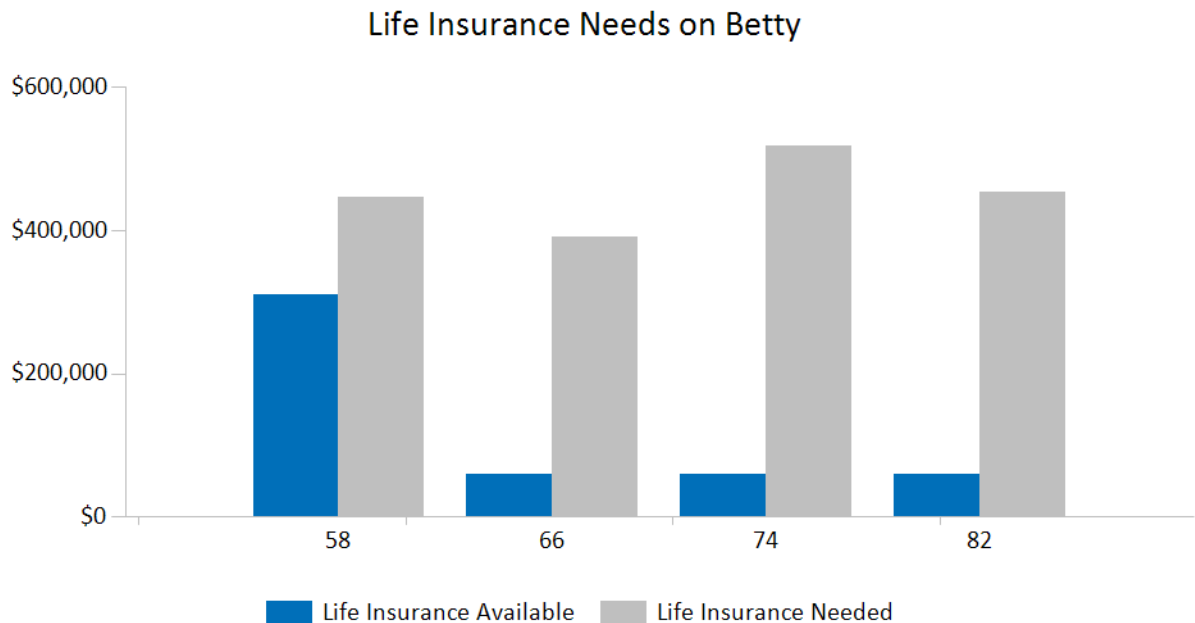
** Net present value of incomes and expenses calculated with a 4.50% discount rate.*

*** Tax-deferred retirement accounts reduced by 15.00% for taxes.*

Survivor Needs for Allen

Retire 63/62 - Downsize & Move to WA

This analysis is used to show the amount of life insurance needed if Betty's death occurs at Allen's age shown and benefits can be invested at 4.50% after-tax. The first age is current age, the last age is 8 years prior to life expectancy. Other ages seen are midpoint ages.



Allen's age when Betty dies.	58	66	74	82
Present Value of Total Expenses*	(\$1,679,274)	(\$1,815,843)	(\$1,536,888)	(\$1,146,285)
Present Value of Total Income*	\$697,702	\$522,633	\$504,128	\$342,766
Income Surplus or (Shortage)	(\$981,573)	(\$1,293,210)	(\$1,032,760)	(\$803,519)
Immediate cash needs	(\$212,697)	(\$45,030)	(\$64,201)	(\$85,595)
Total capital needed at Betty's death	(\$1,194,269)	(\$1,338,241)	(\$1,096,961)	(\$889,114)
Assets available**	\$747,530	\$947,282	\$579,149	\$435,672
Total life insurance needed	\$446,739	\$390,958	\$517,812	\$453,442
Betty's existing life insurance at age shown	310,000	60,000	60,000	60,000
Additional insurance needed on Betty	\$136,739	\$330,958	\$457,812	\$393,442

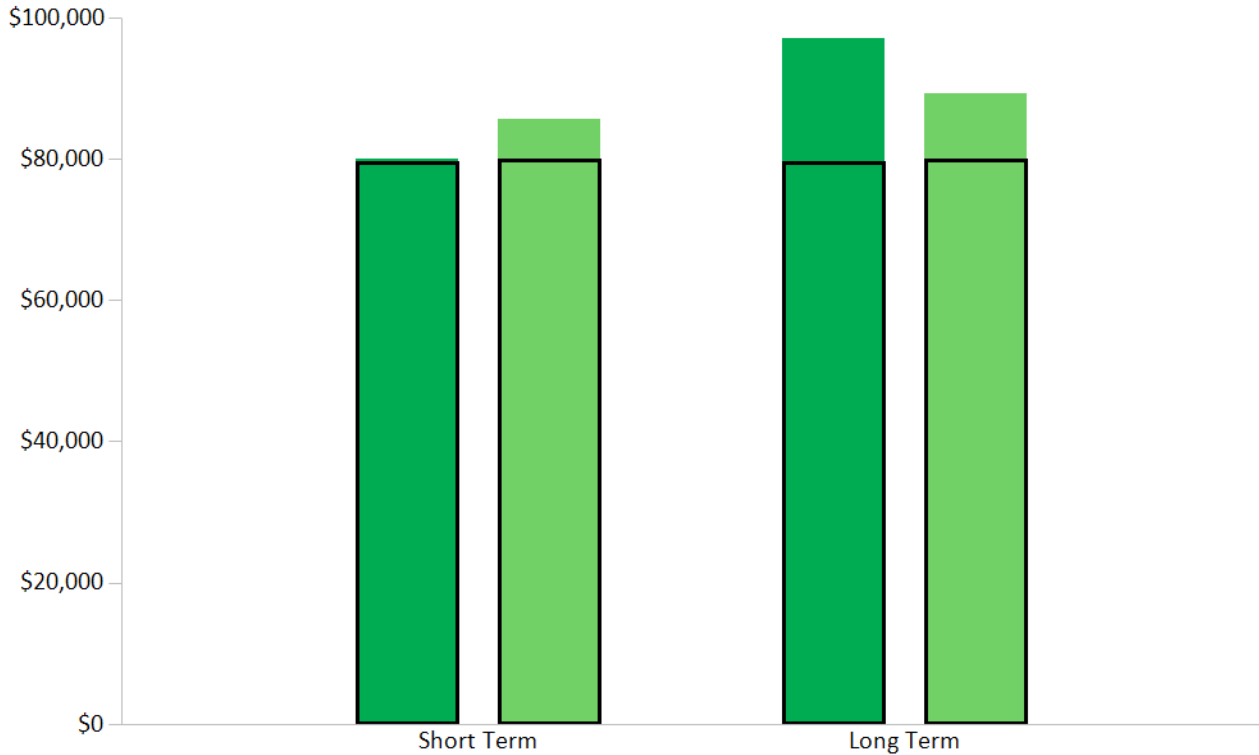
Tax Notes: Taxable incomes (earned income, pensions, taxable Social Security, taxable other incomes, etc.) are taxed at 22.00%. Social Security is assumed 85.00% taxable.

** Net present value of incomes and expenses calculated with a 4.50% discount rate.*

*** Tax-deferred retirement accounts reduced by 22.00% for taxes.*

Disability Income Insurance

Retire 63/62 - Downsize & Move to WA



A short term or long term disability due to illness or injury can devastate your financial plans. At a time when you can no longer work for a living, your expenses may actually increase while your income decreases, forcing you to deplete funds that were accumulating for your financial independence in your retirement years.

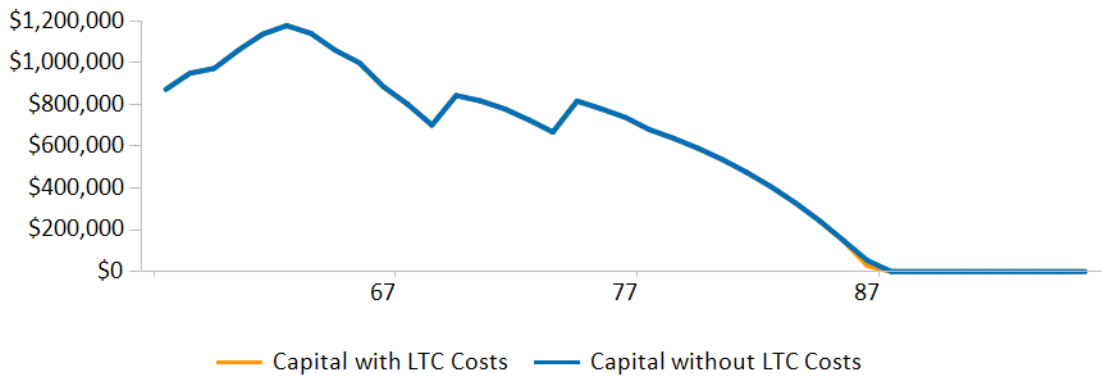
Careful planning should be made to assure that you will have adequate income in the event of disability due to serious illness or accident.

	Allen disabled		Betty disabled	
	<u>Short term</u>	<u>Long term</u>	<u>Short term</u>	<u>Long term</u>
Income Needed	\$79,622	\$79,622	\$80,072	\$80,072
Amount Available	79,968	97,068	85,676	89,276
Additional Needed	N/A	N/A	N/A	N/A

Long Term Care Need Analysis

Retire 63/62 - Downsize & Move to WA

Retirement Capital Comparison



Needs Estimate

	<u>Allen</u>	<u>Betty</u>
Estimated monthly care costs (today's \$)	\$6,000	\$6,000
Age when long term care starts	87	92
Years until long term care starts	29	35
Assumed inflation rate		
Inflated monthly cost when care begins	\$6,000	\$6,000
Estimated number months of care	40	40
Total inflated cost	\$240,000	\$240,000
Total potential long-term care costs	\$480,000	
<i>*Beginning 40 months prior to life expectancy</i>		
Estimated capital when care begins	\$53,330	
Total LTC costs could require current capital of	\$109,469	
<i>**Assuming a 4.5% after-tax rate of return</i>		

There is a significant potential for the cost of long term care to seriously deplete your financial assets in the long term. A prudent approach is to explore the various options available to you now to purchase protection for your future needs.

Appendix

The appendix section provides more detailed information about the various parts of this report. It can be used along with the Audit Trail notations to illustrate the source of the numbers used in many of the other reports.

Audit Trail

Retire 63/62 - Downsize & Move to WA

The financial analysis includes coverage of a number of issues important to your financial future. Since many of the topics are complex, some of the details for a particular topic are derived from support pages that provide additional information.

The reports are grouped as follows:

Main Reports

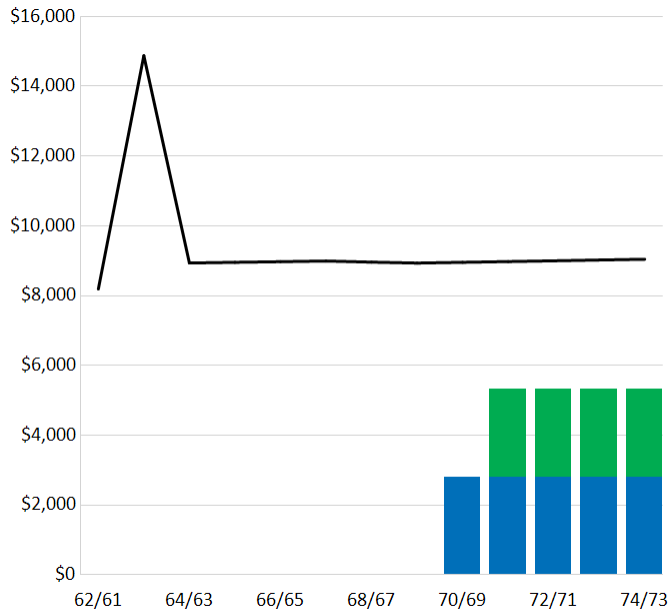
<u>Section</u>	<u>Contents</u>
A	General reports, Net Worth, Cash Flow, Summary, Liquidity, Education, etc.
B	Asset Pyramid, Asset allocation, Stock Options, etc.
C	Retirement Needs and Retirement Estimate, Asset Illustration, Monte Carlo
D	Income Taxes
E	Estate Taxes
F	Survivor Needs, Life Insurance, Disability, Long Term Care

Appendix Reports

G	Retirement illustrations and details, Pensions, Income & Expenses
H	Asset accounts
I	Estate details and estimates
J	Life insurance and survivor needs
K	Loan amortizations
L	Rental Real Estate

Social Security Comparison

Retire 63/62 - Downsize & Move to WA



Optimal Claiming Strategy

Allen files for delayed retirement benefits at 70

■ \$2,789 per month

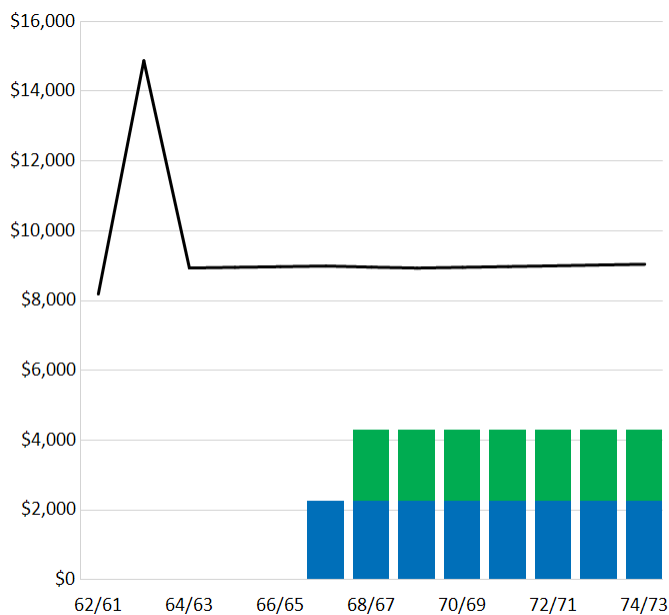
Betty files for delayed retirement benefits at 70

■ \$2,518 per month

Betty claims survivor benefits at 90

■ \$2,789 per month

— Monthly Expenses



Full Retirement Strategy

Allen files for full retirement benefits at 67

■ \$2,249 per month

Betty files for full retirement benefits at 67

■ \$2,031 per month

Betty claims survivor benefits at 90

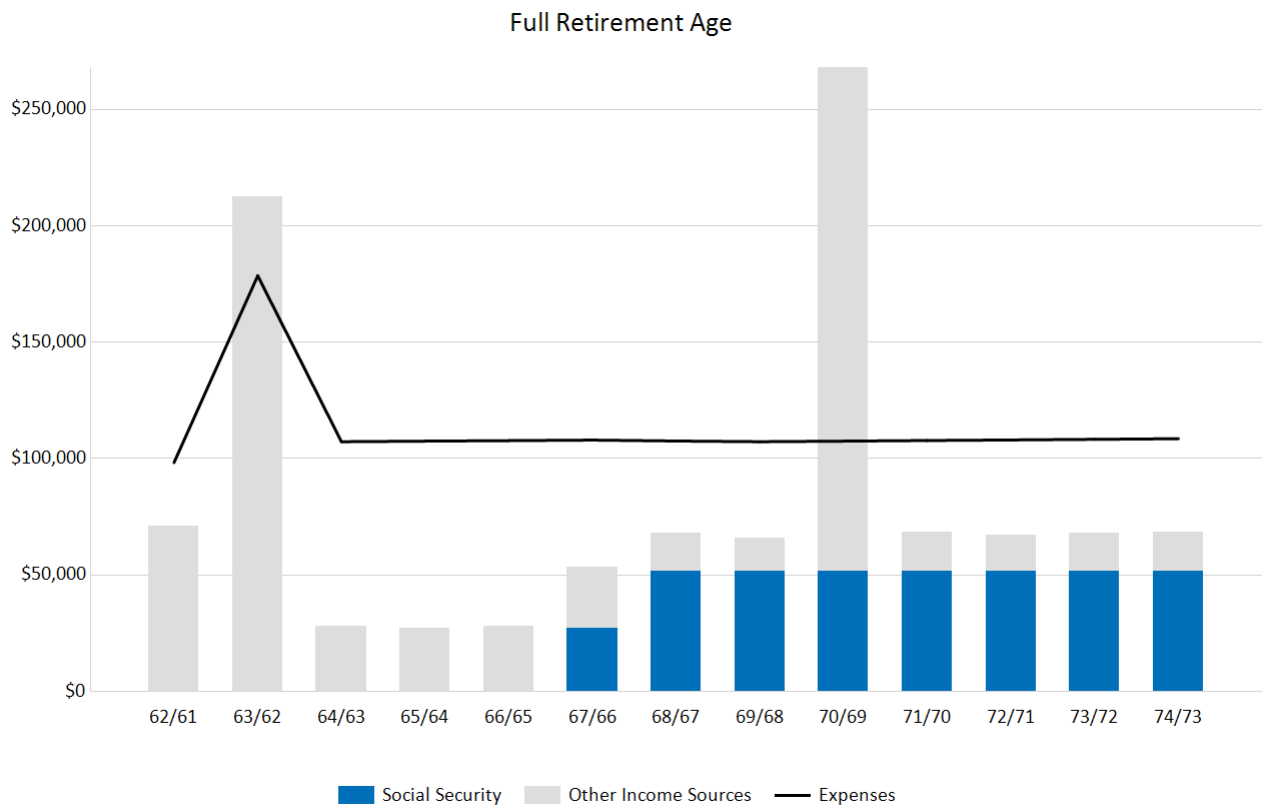
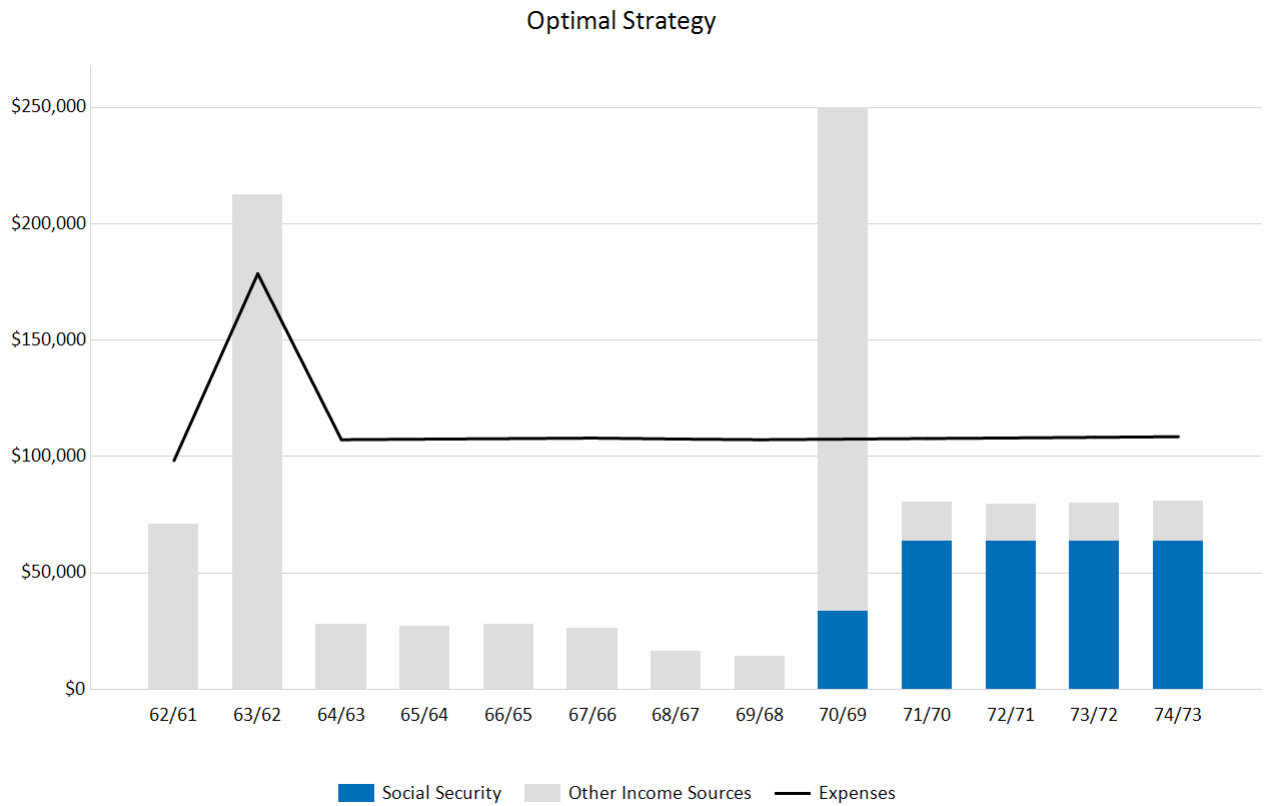
■ \$2,249 per month

— Monthly Expenses

*All amounts on this page are in today's dollars and show gross monthly benefits.

Social Security Income Comparison

Retire 63/62 - Downsize & Move to WA

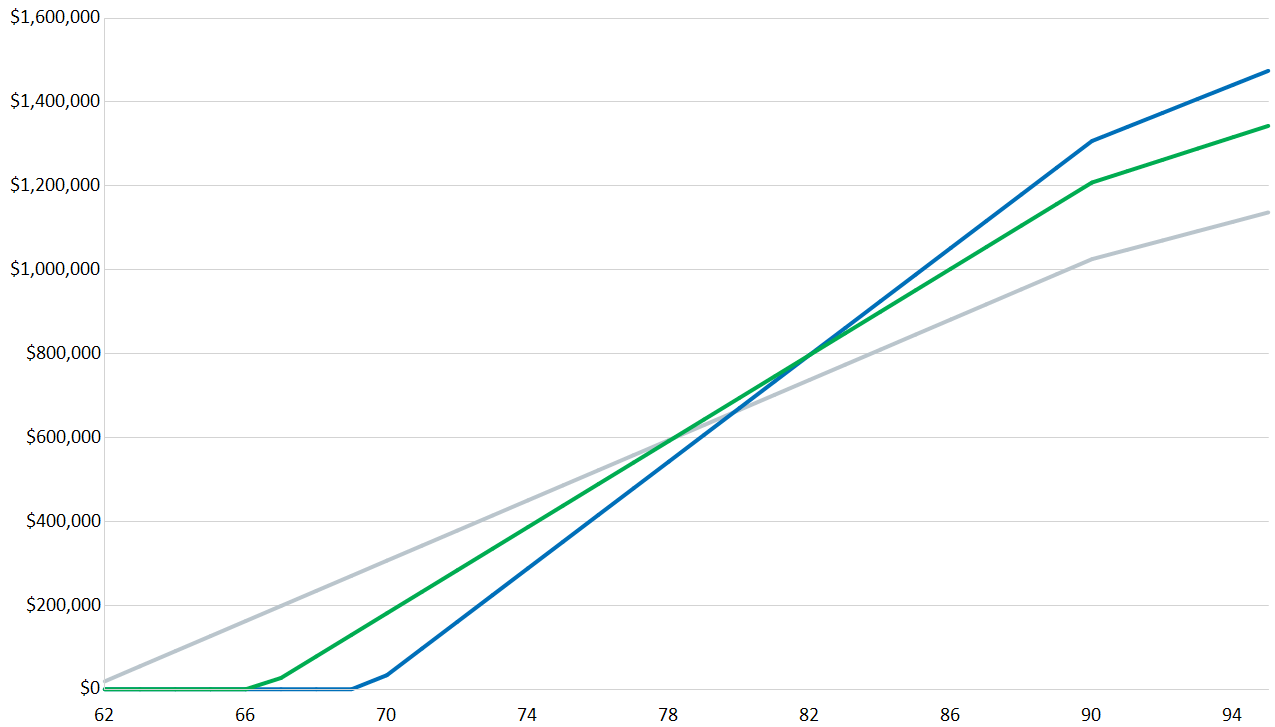


*All amounts on this page are in today's dollars and show gross monthly benefits.

Social Security Breakeven Point

Retire 63/62 - Downsize & Move to WA

Total Income Received



Age	Year	File at 62/62	Optimal Strategy	FRA Strategy
62	61	2027	\$18,892	
63	62	2028	54,844	
64	63	2029	90,796	
65	64	2030	126,748	
66	65	2031	162,700	
67	66	2032	198,652	26,988
68	67	2033	234,604	78,348
69	68	2034	270,556	129,708
70	69	2035	306,508	181,068
71	70	2036	342,460	232,428
72	71	2037	378,412	283,788
73	72	2038	414,364	335,148
74	73	2039	450,316	386,508
75	74	2040	486,268	437,868
76	75	2041	522,220	489,228
77	76	2042	558,172	540,588
78	77	2043	594,124	591,948
79	78	2044	630,076	643,308
80	79	2045	666,028	694,668
81	80	2046	701,980	746,028
82	81	2047	737,932	797,388
83	82	2048	773,884	848,748
84	83	2049	809,836	900,108
85	84	2050	845,788	951,468
86	85	2051	881,740	1,002,828
87	86	2052	917,692	1,054,188
88	87	2053	953,644	1,105,548
89	88	2054	989,596	1,156,908
90	89	2055	1,025,548	1,208,268

*All amounts on this page are in today's dollars and show gross monthly benefits.

Social Security Income (Today's Dollars)

Retire 63/62 - Downsize & Move to WA

Ages	Expenses	Retirement Income			Remaining Expenses Before SS	Social Security Income		
		Earned Income	Pension	Other Income		62/62	Optimal Strategy	FRA Strategy
58 57	\$105,103	\$155,000		\$9,798				
59 58	105,282	155,000		11,495				
60 59	105,864	160,000		10,248				
61 60	106,050	160,000		10,254				
62 61	98,240	60,000		10,914	\$27,326	\$18,892		
63 62	178,508	8,000		204,178		35,952		
64 63	107,210	8,000		19,996	79,214	35,952		
65 64	107,438	8,000		18,859	80,579	35,952		
66 65	107,671	8,000	\$2,400	17,546	79,725	35,952		
67 66	107,908	8,000	2,400	15,854	81,654	35,952		\$26,988
68 67	107,507		2,400	13,991	91,116	35,952		51,360
69 68	107,197		2,400	11,780	93,017	35,952		51,360
70 69	107,449		2,400	213,935		35,952	\$33,465	51,360
71 70	107,706		2,400	14,362	90,944	35,952	63,686	51,360
72 71	107,968		2,400	13,391	92,177	35,952	63,686	51,360
73 72	108,235		2,400	13,949	91,885	35,952	63,686	51,360
74 73	108,507		2,400	14,519	91,588	35,952	63,686	51,360
75 74	108,785		2,400	240,146		35,952	63,686	51,360
76 75	109,069		2,400	2,317	104,352	35,952	63,686	51,360
77 76	109,358		2,400	1,185	105,773	35,952	63,686	51,360
78 77	109,653		2,400		107,253	35,952	63,686	51,360
79 78	89,683		2,400		87,283	35,952	63,686	51,360
80 79	89,990		2,400		87,590	35,952	63,686	51,360
81 80	90,303		2,400		87,903	35,952	63,686	51,360
82 81	90,623		2,400		88,223	35,952	63,686	51,360
83 82	90,948		2,400		88,548	35,952	63,686	51,360
84 83	91,280		2,400		88,880	35,952	63,686	51,360
85 84	91,619		2,400		89,219	35,952	63,686	51,360
86 85	91,965		2,400		89,565	35,952	63,686	51,360
87 86	92,318		2,400		89,918	35,952	63,686	51,360
88 87	92,677		2,400		90,277	35,952	63,686	51,360
89 88	93,044		2,400		90,644	35,952	63,686	51,360
90 89	93,418		2,400		91,018	35,952	63,686	51,360
91 90	83,552		2,400		81,152	22,265	33,465	26,988
92 91	83,941		2,400		81,541	22,265	33,465	26,988
93 92	84,338		2,400		81,938	22,265	33,465	26,988
94 93	69,096		2,400		66,696	22,265	33,465	26,988
95 94	69,509		2,400		67,109	22,265	33,465	26,988
96 95	69,930		2,400		67,530	22,265	33,465	26,988